

NEW ISSUE - Book Entry Only

RATINGS: Moody's: Aa2
Standard & Poor's: AA
(See "RATINGS" herein)

In the opinion of K&L Gates LLP, Bond Counsel, assuming compliance with certain covenants of the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.



CITY OF SPOKANE, WASHINGTON
\$181,225,000
WATER AND WASTEWATER SYSTEM REVENUE BONDS, 2014
(GREEN BONDS)

DATED: Date of Delivery

DUE: December 1, as shown on inside cover

The City of Spokane, Washington (the "City") Water and Wastewater System Revenue Bonds, 2014 (the "Bonds") will be issued as fully registered bonds under a book-entry system, initially registered in the name of Cede & Co. (the "Registered Owner"), as nominee for The Depository Trust Company, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof within a single maturity. Purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their interest in the Bonds.

Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds, payable each June 1 and December 1, commencing June 1, 2015, and principal of the Bonds are payable by the Registrar to DTC, which is obligated to remit such principal and interest to its broker-dealer Participants for subsequent disbursement to beneficial owners of the Bonds. The Bank of New York Mellon is currently under contract with the State of Washington to act as Registrar. U.S. Bank National Association has been appointed to become the State's fiscal agent effective February 1, 2015, for a four-year term. No resignation or removal of the Registrar will become effective until a successor has been appointed and has accepted the duties of Registrar. See Appendix D – "BOOK-ENTRY SYSTEM."

Maturity Dates, Principal Amounts, Interest Rates, Yields and CUSIP Numbers on Inside Cover

The Bonds are subject to redemption by the City prior to their stated maturities as described herein. See "THE BONDS – Redemption Provisions."

The Bonds are being issued to finance capital improvements that will improve the health of the Spokane River, protect the region's sole-source drinking water aquifer, make other necessary improvements to the Water and Wastewater System, and to pay costs of issuance. See "PURPOSE AND APPLICATION OF BOND PROCEEDS."

The Bonds are payable solely from a special fund of the City, known as the Revenue Bond Fund, and from the Net Revenue of the Water and Wastewater System pledged thereto. The Net Revenue and any Utility Local Improvement Districts ("ULID") Assessments are irrevocably pledged to the payment of the Bonds and any Future Parity Bonds (collectively, the "Parity Bonds"). This pledge constitutes a lien and charge upon the Net Revenue and ULID Assessments equal to the lien and charge to pay and secure the payment of the principal of and interest on the Parity Bonds, and is prior and superior to any other charges whatsoever.

The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the City. Neither the full faith and credit nor the taxing power of the City is pledged to the repayment of the Bonds. See "SECURITY FOR THE BONDS" herein.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if executed and delivered, subject to receipt of the legal opinion of K&L Gates LLP, Spokane, Washington, Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer, on or about December 2, 2014 (the "Date of Delivery").

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$181,225,000

WATER AND WASTEWATER SYSTEM REVENUE BONDS, 2014

Due Dec. 1	Amount	Interest Rate	Yield	CUSIP Number**
2015	\$5,625,000	5.00%	0.19%	849103 AA4
2016	5,920,000	5.00	0.45	849103 AB2
2017	6,215,000	5.00	0.72	849103 AC0
2018	6,530,000	5.00	1.03	849103 AD8
2019	6,855,000	5.00	1.31	849103 AE6
2020	7,200,000	5.00	1.64	849103 AF3
2021	7,555,000	5.00	1.95	849103 AG1
2022	7,935,000	5.00	2.16	849103 AH9
2023	8,330,000	5.00	2.31	849103 AJ5
2024	8,750,000	5.00	2.41	849103 AK2
2025	9,185,000	5.00	2.52*	849103 AL0
2026	9,645,000	3.00	3.00	849103 AM8
2027	9,935,000	3.15	3.15	849103 AN6
2028	10,250,000	4.50	2.91*	849103 AP1
2029	10,710,000	4.50	2.99*	849103 AQ9
2030	11,190,000	4.00	3.21*	849103 AR7
2031	11,640,000	4.00	3.26*	849103 AS5
2032	12,105,000	4.00	3.31*	849103 AT3
2033	12,590,000	3.75	3.46*	849103 AU0
2034	13,060,000	3.75	3.51*	849103 AV8

* Priced to the call date of December 1, 2024.

** CUSIP numbers are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by Standard and Poor's, and are included on the front cover of this Official Statement for the convenience of the holders and potential holders of the Bonds. Such inclusion is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. The CUSIP numbers are assigned by an independent company not affiliated with the City. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds. Neither the City nor the successful bidder takes responsibility for the accuracy of the CUSIP numbers.

CITY OF SPOKANE, WASHINGTON

808 W. Spokane Falls Blvd.

Spokane, Washington 99201

(509) 625-6586

www.spokanecity.org*

Mayor and Council

Member	Position	Term Expires
David A. Condon	Mayor	December 31, 2015
Ben Stuckart	Council President	December 31, 2015
Mike Allen	Council Member	December 31, 2015
Mike Fagan	Council Member	December 31, 2015
Candace Mumm	Council Member	December 31, 2017
Jon Snyder	Council Member	December 31, 2017
Karen Stratton	Council Member	Upon certification of the November 2015 election
Amber Waldref	Council Member	December 31, 2017

City Administrative Staff

Theresa Sanders

City Administrator

Gavin Cooley

Chief Financial Officer

Rick Romero

Utilities Division Director

Pamela Dolan

Director of Accounting

Registrar**

(Current fiscal agent of the State of Washington)

The Bank of New York Mellon

Dallas, Texas

Bond Counsel and Disclosure Counsel

K&L Gates LLP

Spokane, Washington

Financial Advisor

A. Dashen & Associates

Bellevue, Washington

* The City's website is not part of this official statement and investors should not rely on information that is presented in the City's website in determining whether to purchase the Bonds. This inactive textual reference to the City's website is not a hyperlink and does not incorporate the City's website by reference.

** The Bank of New York Mellon is currently under contract with the State of Washington to act as Registrar. U.S. Bank National Association has been appointed to become the State's fiscal agent effective February 1, 2015, for a four-year term.

The information set forth herein has been obtained from the City and other sources that the City believes to be reliable. However, the information set forth in Appendix D – “BOOK-ENTRY SYSTEM” has been furnished by DTC’s website. Quotations from, summaries and explanations of the laws and documents do not purport to be complete statements of their provisions; reference is made to the entirety of such documents or laws. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds. The cover page hereof and appendices attached hereto are part of this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be interpreted as a determination of relevance, materiality or importance, and this Official Statement, including the appendices must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

No dealer, broker, sales representative or other person has been authorized by the City to give any information or to make any representations, other than as contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information set forth herein since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such persons to make such offer, solicitation or sale.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In connection with the offering of the Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market price of such Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The presentation of certain information, including tables of receipts from revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience will continue to be repeated in the future.

This Official Statement contains forecasts, projections, and estimates that are based upon expectations and assumptions that existed at the time such forecasts, projections, and estimates were prepared. The inclusion of such forecasts, projections, and estimates should not be regarded as a representation by the City that such forecasts, projections, and estimates will occur and they are not intended as representations of fact or as guarantees of results. If and when included in this Official Statement, the words “plan,” “expect,” “forecast,” “estimate,” “budget,” “project,” “intends,” “anticipates,” and similar words are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. These forward-looking statements speak only as of the date they were prepared.

Information on websites referenced in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

CITY OF SPOKANE, WASHINGTON

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OFFICIAL STATEMENT
CITY OF SPOKANE, WASHINGTON
\$181,225,000
WATER AND WASTEWATER SYSTEM REVENUE BONDS, 2014
(GREEN BONDS)

INTRODUCTION

The City of Spokane, Washington (the “City”) furnishes this Official Statement in connection with the offering of \$181,225,000 principal amount of its Water and Wastewater System Revenue Bonds, 2014 (the “Bonds”). This Official Statement, including the cover page, inside cover page and appendices, provides information concerning the City, the Bonds, the City’s Water and Wastewater System (the “System”). The City is a municipal corporation under the constitution and laws of the State of Washington (the “State”). The City’s Utility Division operates the System.

The Bonds are issued under the authority of chapters 35.41, 35.67, 35.92, and 39.46 of the Revised Code of Washington (“RCW”) and pursuant to Ordinance No. C35170 passed October 27, 2014 (the “Bond Ordinance”) by the City Council, including delegation to the Designated Representative(s) and other City officials the authority to approve the final terms of the Bonds and to take other actions necessary for the issuance and delivery of the Bonds.

The Bonds are limited obligations of the City, payable solely from the Net Revenue of the System. The City has no other bonds on parity with or senior to the Bonds secured by the revenues of the System.

Proceeds of the Bonds will be used to finance capital projects that improve the health of the Spokane River, protect the region’s sole-source drinking water aquifer, make other necessary improvements to the City’s Water and Wastewater System, and to pay costs of issuance. See “CAPITAL PLANNING”.

All of the summaries of provisions of the Constitution and laws of the state of Washington (the “State”), of ordinances and resolutions of the City, and of other documents contained herein are made subject to the complete provisions thereof and do not purport to be complete statements of such documents, copies of which may be obtained from the City upon request. Certain financial information regarding the City has been taken from the City’s audited financial statements, budgets and other financial reports, and their accompanying notes; for complete information, copies thereof may be obtained from the City upon request. See Appendix C for the City’s 2013 audited financial statements.

Certain capitalized words and phrases used in this Official Statement not defined herein have the meanings given in the Bond Ordinance, unless the context clearly indicates that another meaning is intended, which is included as Appendix A.

In the preparation of the projections in this Official Statement, the City has made certain assumptions with respect to conditions that may occur in the future. While the City believes these assumptions are reasonable for the purpose of the projections, they are dependent upon future events, and actual conditions may differ from those assumed.

Green Bonds

The designation of the Bonds as “Green Bonds” provides investors the opportunity to invest directly in bonds which finance environmentally beneficial projects. The City has hired an independent consultant, CH2M Hill, to provide a second party opinion on the sustainability of the City’s “Green Bonds.” See Appendix E – “GREEN BONDS LETTER.”

In the last two years, the City has worked to advance a System management approach that is both environmentally and financially responsible. The City is selling these “Green Bonds” to finance “green” projects that will positively impact—and protect—the environment and the health of System customers. The City, through these projects, is seeking outcomes with respect to water quality, water quantity, energy use, and climate resilience; overall, these projects are designed to be environmentally beneficial.

Net proceeds of the Bonds will be applied toward Clean Water and Drinking Water projects which will provide environmental benefits, including the following:

- (i) Improve the health of the Spokane River and other surface water bodies by reducing flows of stormwater and wastewater into these water bodies and improve the quality of the effluent discharged from the City's wastewater treatment plant.
- (ii) Protect the aquifer, the sole source of drinking water for more than a half million people in the Spokane region, by protecting wellhead influence zones, ensuring the integrity of underground wastewater infrastructure, and employing green infrastructure techniques to treat stormwater runoff.
- (iii) Preserve aquifer water resources by reducing system leakage and effectively managing the water distribution system.
- (iv) Promote efficient energy use by maintaining and updating distribution and treatment systems.
- (v) Enable resilience in anticipation of climate change and population growth by ensuring redundancies in water and wastewater systems and treating more stormwater on site to free up piping and treatment capacity to accommodate change.

Use of the proceeds of the Bonds will be tracked by the City. The City will post updates regarding the use of the proceeds on its website at least annually and will post a final list of projects funded when all net proceeds of the Bonds have been spent. Once all net proceeds of the Bonds have been spent, no further updates will be provided.

Unspent proceeds of the Bonds will be invested in allowable investments under State law.

THE BONDS

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be dated and bear interest from their date of delivery to the initial purchaser (the "Issue Date"). The Bonds will mature on the dates and in the principal amounts and will bear interest (payable semiannually on June 1 and December 1, commencing June 1, 2015) at the rates as set forth on the inside cover of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Form and Denomination

The Bonds will be issued in fully registered form in the denomination of \$5,000 each, or integral multiples thereof within a single maturity ("Authorized Denominations"). Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC shall act as initial Securities Depository for the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, references herein to the Registered Owners or bond owners will mean Cede & Co. and will not mean the "Beneficial Owners" of the Bonds. In this Official Statement, the term "Beneficial Owner" will mean the person for whom a DTC participant acquires an interest in the Bonds.

Registrar

Principal of and interest on the Bonds will be payable by the fiscal agency of the State. The Bank of New York Mellon is currently under contract with the State to act as registrar (the "Registrar"). U.S. Bank National Association has been appointed to become the State's fiscal agent effective February 1, 2015, for a four-year term. So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Registrar to DTC, which, in turn, is obligated to remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds, as further described herein in Appendix D, "BOOK-ENTRY SYSTEM."

Redemption Provisions

Optional Redemption. The Bonds maturing in the years 2015 through 2024 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on or after December 1, 2025 are subject to optional redemption prior to their stated maturity dates at the option of the City on and after December 1, 2024, in whole or in part at any time (maturities to be selected by the City and within a maturity in such manner as DTC or the Registrar shall determine), at 100 percent of the principal amount thereof plus accrued interest to the date fixed for redemption.

Partial Redemption. Portions of the principal amount of the Bonds, in any Authorized Denomination, may be redeemed. If less than all of the principal amount of the Bonds is redeemed, upon surrender of that Bond to the Registrar, there will be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

Selection of Bonds for Redemption. If fewer than all of the Bonds within a maturity are to be redeemed prior to maturity, Bonds will be selected for redemption randomly within a maturity in such manner as the Registrar shall determine. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption will be in accordance with the Letter of Representations.

Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption will be given at the time, to the entity and in the manner required by DTC in accordance with the Letter of Representations, and the Registrar will not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form unless waived by any Registered Owner of the Bonds to be redeemed, the City will cause notice of any intended redemption of Bonds to be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Registrar prepares the notice. The requirements of this notice will be deemed to have been fulfilled when notice has been mailed, whether or not it is actually received by the Registered or Beneficial Owner of any Bond.

In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

Effect of Redemption. Interest on Bonds called for redemption will cease to accrue on the date fixed for redemption, unless the notice of redemption is rescinded.

Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or on the date set for redemption, if applicable, the City is obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date set for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Open Market Purchase. The City reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Cancellation of Bonds. All Bonds purchased or redeemed by the City will be canceled.

Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms, then all rights and interest of the Owners of the defeased Bonds in the covenants of the Ordinance and in the funds and accounts obligated to the payment of the defeased Bonds cease and become void. Thereafter, the Owners of defeased Bonds will have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds will be deemed no longer outstanding. In that event, the City may apply any money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose, subject only to the rights of the Owners of other Parity Bonds then outstanding unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance will be given, and selection of Bonds will be conducted, in the manner prescribed by the Bond Ordinance for the redemption of Bonds.

Transfer and Exchange. While the Bonds are held by DTC in book-entry form, beneficial ownership interests in the Bonds will be subject to transfer and exchange pursuant to the operational arrangements of DTC in effect from time to time. See Appendix D for additional information which has been provided by DTC. The City makes no representation as to the accuracy or completeness thereof. Beneficial Owners of the Bonds should confirm its contents with DTC or DTC Participants.

Termination of Book-Entry System. If DTC resigns as the securities depository and the City is unable to retain a qualified successor to DTC, or if the City decides to discontinue the book-entry system of transfer, the City will execute, authenticate and deliver at no cost to the Beneficial Owners of the Bonds or their nominees, Bonds in fully registered form, in any Authorized Denomination. Thereafter, the principal of the Bonds will be payable upon presentment and surrender thereof to

the Registrar; interest on the Bonds will be payable by electronic transfer on the payment date, or by check or draft mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City is not required to make electronic transfers except to a Registered Owner of the Bonds pursuant to a request in writing (and at the sole expense of the Registered Owner) received on or prior to the Record Date.

During any period in which the Bonds are not registered in the name of DTC or its nominee or a successor depository, Bonds surrendered to the Registrar may be exchanged for Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Registrar. Any exchange or transfer will be without cost to the registered owner or transferee. The Registrar is not obligated to exchange or transfer any Bond during the 15 days preceding the date any such Bond is to be redeemed.

PURPOSE AND APPLICATION OF BOND PROCEEDS

Purpose of the Bonds

Proceeds of the Bonds will be used to finance capital improvements that will improve the health of the Spokane River, protect the City's sole-source drinking water aquifer, make other necessary improvements to the System, and to pay costs of issuance.

For additional information on the capital improvements being funded in part from proceeds of the Bonds, see "CAPITAL IMPROVEMENTS – Wastewater and Stormwater System – Capital Improvements."

Sources and Uses of Funds

Estimated sources and uses of funds are shown in the following table:

<u>Source of Funds</u>	
Principal Amount of Bonds	\$181,225,000.00
Original Issue Premium	<u>19,711,699.10</u>
Total Sources	\$200,936,699.10
<u>Use of Funds</u>	
Deposit to Construction Fund	\$200,000,000.00
Costs of Issuance ⁽¹⁾	<u>936,699.10</u>
Total Uses	\$200,936,699.10

⁽¹⁾ Includes bond rating fees, underwriter's discount, financial advisor's fees, bond and disclosure counsel's fees, and other costs incurred in connection with the issuance of the Bonds.

SECURITY FOR THE BONDS

Under the Bond Ordinance and subject to its terms and conditions, the Bonds are special limited obligations of the City, payable from and solely secured by Net Revenue of the System and all money and investments held in the Revenue Bond Fund, the Coverage Stabilization Account, and the Revenue Fund (except for money or investments held for the purpose of compliance with rebate requirements under the Code).

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR OF THE STATE, NOR ANY REVENUES OF THE CITY DERIVED FROM SOURCES OTHER THAN THE SYSTEM ARE PLEDGED TO THE PAYMENT THEREOF.

Revenue Bond Fund

A special fund of the City, named the Water Wastewater Fund (the "Revenue Fund") has been established as a separate fund from all other funds and accounts of the City. The City will deposit all Revenue of the System into this fund, as collected, except interest earned and income derived from investments of money in the Revenue Bond Fund. The Revenue Bond Fund is the "Water Wastewater Fund – Bond Redemption Subaccount" which was created for the express purpose of paying and securing the payment of the principal of, premium, if any, and interest on the Bonds.

Flow of Funds

The City has covenanted that the Revenue of the System deposited into the Revenue Fund shall be used for the following purposes in the following order of priority:

- (i) To pay the Costs of Maintenance and Operation;
- (ii) To make all required payments into the Revenue Bond Fund to pay the interest on any Parity Bonds, including reimbursements to the issuer of a Credit Facility if the Credit Facility secures the payment of interest on Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;
- (iii) To make all required payments into the Revenue Bond Fund to pay the principal of any Parity Bonds, including reimbursements to the issuer of a Credit Facility if such Credit Facility secures the payment of principal of Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;
- (iv) To make all payments required to be made into any sinking fund account created to provide for the payment of the principal of Balloon Maturity Bonds;
- (v) To make all required payments into the Reserve Account for Covered Bonds and to any reserve account created in the future for the payment of debt service on Future Parity Bonds;
- (vi) To make all payments required to be made into any revenue debt redemption fund, debt service account, reserve account or sinking fund account created to pay and secure the payment of the principal of and interest on Government Loans and any revenue bonds, or revenue warrants or other revenue obligations of the City having a lien upon the Revenue of the System junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and
- (vii) To retire, by redemption or purchase, any outstanding System revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, or for any other lawful City purposes.

Rate Covenant

The City covenants in the Bond Ordinance to establish, maintain and collect rates and charges for service of its System as long as any Parity Bonds are outstanding sufficient to maintain the Rate Covenant, which is defined as Net Revenue in each fiscal year at least equal to 125% of the amounts required to pay scheduled debt service (principal and interest) on all Parity Bonds, subtracting from scheduled debt service the amount of ULID Assessments collected in such year. The City currently has no ULID bonds outstanding.

When determining compliance with the Rate Covenant, Revenue of the System and Costs of Maintenance and Operation may be adjusted for certain items (e.g., to omit unrealized gains or losses in investments) to more fairly reflect the System's annual operating performance. Amounts withdrawn from the Coverage Stabilization Account will increase Revenue of the System for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account will reduce Revenue of the System for the period during which they are deposited. Credits to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year.

Coverage Stabilization Account

Under the Bond Ordinance, the City may establish a Coverage Stabilization Account within the Revenue Fund. The Coverage Stabilization Fund will moderate fluctuations in the Net Revenues and help alleviate the need for short-term rate adjustments. Money in the Coverage Stabilization Account will be transferred as determined necessary by the City. The City may make payments into or withdraw money from the Coverage Stabilization Account from the Revenue Fund at any time, so long as amounts withdrawn are used for the purposes for which Revenue of the System may be used.

Amounts withdrawn from the Coverage Stabilization Account shall increase Revenue of the System for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Revenue of the System for the period during which they are deposited for purposes of measuring compliance with the Rate Covenant. Credits to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Coverage Stabilization Account shall be credited to the Revenue Fund.

The City currently has not established a Coverage Stabilization Account.

Reserve Account

The Reserve Account is maintained for the purpose of securing the payment of the principal of and interest on all Covered Bonds. The Bonds are Covered Bonds, secured by the Reserve Account. **At the closing and delivery of the Bonds, the City will not be obligated to fund the Reserve Requirement.** If, however, in any fiscal year, Net Revenue is not at least equal to 150% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on all Parity Bonds, subtracting from scheduled debt service the amount of ULID Assessments collected in such year (allowing for the same adjustments described in the definition of Rate Covenant), the City will be required to fund the Reserve Requirement within three years. The payments into the Reserve Account may be made from the proceeds of Future Parity Bonds, Revenue of the System, or ULID Assessments (or, at the option of the City, out of any other funds on hand and legally available therefor) in approximately equal additional annual installments so that within three years following the fiscal year in which the foregoing minimum coverage requirement was not met there will have been paid into the Reserve Account an amount that, together with the money already on deposit therein, will be at least equal to the Reserve Requirement. Such annual payments into the Reserve Account will be made not later than December 20 of each year. Provided, if the City adopts rates and charges or takes such other action to ensure that the foregoing minimum coverage requirement is met, the City will not be required to maintain a balance in the Reserve Account.

The "Reserve Requirement," when required to be funded per the Bond Ordinance, is the least of Maximum Annual Debt Service for Covered Bonds, 10% of the initial principal amount of Covered Bonds of each series, or 125% of average annual debt service for Covered Bonds, provided, however that 10% of the initial principal amount of Covered Bonds of each series may be contributed to the Reserve Account from any series of Covered Bonds.

"Covered Bonds" are defined in the Bond Ordinance as the Bonds of a series and those Future Parity Bonds designated in the ordinance authorizing their issuance as Covered Bonds secured by the Reserve Account.

The following provisions of the Bond Ordinance shall become effective only after the City is obligated to fund the Reserve Requirement. The City covenants and agrees that when the required deposits have been made into the Reserve Account for Covered Bonds, it will at all times maintain therein an amount at least equal to the Reserve Requirement except for withdrawals therefrom authorized hereinafter, at all times for so long as any Covered Bonds remain outstanding. Whenever there is a sufficient amount in the Revenue Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Parity Bonds secured thereby. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on the outstanding Parity Bonds, as long as the money remaining on deposit in the Reserve Account is at least equal to the Reserve Requirement determined with respect to the Covered Bonds then outstanding.

In the event there shall be a deficiency in the Revenue Bond Fund to meet maturing installments of either interest on or principal of and interest on any Covered Bonds, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Cash and investments shall be drawn upon prior to any drawing upon a surety bond. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up out of Revenue of the System or ULID Assessments within one year after making necessary provision for the payments required to be made to items (i) through (iv) of the "Flow of Funds" above.

If there arises a deficiency in the Revenue Bond Fund to meet maturing installments of principal and/or interest on any Parity Bonds, the deficiency will be made up by withdrawing funds from the Reserve Account. Cash and investments will be drawn upon prior to any drawing upon a surety bond. Any deficiency created in the Reserve Account by such withdrawal will be made up out of the Revenue of the System or ULID Assessments within one year, after making necessary provisions for payments required to cover amounts needed to meet the first four conditions of the "Flow of Funds" above.

Future Parity Bonds

As long as any of Parity Bonds remain outstanding, the City covenants that it will not issue any Future Parity Bonds except that the City reserves the right to issue additional water and wastewater system revenue bonds, which shall constitute a charge and lien upon the Revenue of the System equal to the lien thereon of the Bonds. Except as provided below, the City shall not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues unless:

- (i) the City will not have been in default of its Rate Covenant for the immediately preceding fiscal year, without regard to transfers from the Coverage Stabilization Account;

- (ii) the ordinance authorizing the issuance of such Future Parity Bonds shall include the Rate Covenant outlined above; and
- (iii) there will have been filed a certificate prepared by the Chief Financial Officer of the City or a Consultant demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds.

The certificate described above shall not be required as a condition to the issuance of Future Parity Bonds if:

- (i) Future Parity Bonds being issued are for the purpose of refunding outstanding Parity Bonds as long as the final maturity is not extended and the Annual Debt Service in any year does not increase by more than \$5,000; or
- (ii) Future Parity Bonds are being issued to pay costs of construction of facilities of the System for which Future Parity Bonds have been issued previously and the principal amount being issued does not exceed an amount equal to an aggregate of 15% of the principal amount of Future Parity Bonds issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the CFO, and there is delivered a City Representative's certificate stating that the nature and purpose of such facilities has not materially changed.

Certificate of the City Without A Consultant. If a certificate is required, a certificate may be delivered by the City (executed by the Chief Financial Officer) without a Consultant if Net Revenues for the Base Period (confirmed by an audit) conclusively demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds.

Certificate of a Consultant. Compliance with the Parity Requirement will be demonstrated conclusively by a certificate of a Consultant, if such certificate is required.

In making the computations of Net Revenues for the purpose of certifying compliance with the Parity Requirement, the Consultant shall use as a basis the Net Revenues (which may be based upon unaudited financial statements of the City if the audit has not yet been completed) for the Base Period. Such Net Revenues shall be determined by adding the following:

- (i) The historical net revenue of the City for the Base Period being issued as determined by a Consultant.
- (ii) The net revenue derived from those customers of the City that have become customers during such 12-month period or thereafter and prior to the date of such certificate, adjusted to reflect a full year's net revenue from each such customer to the extent such net revenue was not included in (i) above.
- (iii) The estimated annual net revenue to be derived from any person, firm, association, private or municipal corporation under any executed contract for service, which net revenue was not included in any of the sources of net revenue described in this subsection.
- (iv) The estimated annual net revenue to be derived from the operation of any additions or improvements to or extensions of the City under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Future Parity Bonds being issued, and which net revenue is not otherwise included in any of the sources of net revenue described in this subsection.
- (v) The estimated annual net revenue to be derived from the operation of any additions and improvements to or extensions of the City being paid for out of the proceeds of sale of such Future Parity Bonds being issued.

In the event the City will not derive any revenue as a result of the construction of the additions, improvements or extensions being made to the System, the estimated normal Costs of Maintenance and Operation (excluding any transfer of money to other funds of the City and license fees, taxes and payments in lieu of taxes payable to the City) of such additions, improvements and extensions will be deducted from estimated annual Net Revenue.

The words "historical net revenue" or "net revenue" as used in this subsection shall mean the Revenue or any part or parts thereof less the normal expenses of maintenance and operation of the System or any part or parts thereof, but before depreciation.

Junior Lien Obligations. Nothing in the Ordinance prevents the City from issuing revenue bonds or other obligations that are a charge upon the Revenue of the System junior or inferior to the payments to be made out of such Revenue into the Revenue

Bond Fund to pay and secure the payment of any outstanding Parity Bonds. Nothing in the Ordinance prevents the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

Additional Covenants

Maintenance and Operation. The City shall at all times maintain, preserve and keep the properties of the System in good repair, working order and condition and make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto, so that at all times the business will be properly and advantageously conducted, and the City will, at all times, operate or cause to be operated said properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

Maintain Revenue Fund Balance. After making or providing for the payments from the Revenue Fund as required, the City will maintain in the Revenue Fund sufficient money to enable the City to meet the Costs of Maintenance and Operation of the System on a current basis.

Sale or Disposition of the System. The City will not sell or otherwise dispose of the System in its entirety unless provision is made for the payment into the Revenue Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on the then outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the System unless such facilities are replaced or provision is made for payment into the Revenue Bond Fund of the greatest of the following:

- (i) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the amount of the Parity Bonds less the amount of cash and investments in the Revenue Bond Fund) that the Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Revenue for such period; or
- (ii) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or
- (iii) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the System will be paid into the Revenue Bond Fund.

Notwithstanding any other provision of this subsection, the City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation, without making any deposit into the Revenue Bond Fund.

Liens or Encumbrances. The City will not create or permit to exist any lien or other encumbrance or indebtedness upon the System or the Revenue of the System, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenue of the System, or any part thereof, or upon any funds in the hands of the City, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

Insurance. The City will keep the works, plants and facilities comprising the System insured, and will carry other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by private corporations operating like properties, or will implement a self-insurance program with reserves adequate, in the judgment of the Council, to protect the City and the holders of Parity Bonds against loss. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance shall be paid into any Reserve Account to the extent that such transfer shall be necessary to make up any deficiency in said Reserve Account and the balance, if any, shall, at the option of the City, be used either for repairs, renewals, replacements, or capital additions to the System, for the redemption of Parity Bonds, or for deposit into the Revenue Bond Fund.

Books and Accounts. The City shall keep proper books of account in accordance with any applicable rules and regulations prescribed by the State of Washington. The City shall prepare, and any owner or holder of Parity Bonds may, upon written request, obtain copies of balance sheets and profit and loss statements showing in reasonable detail the financial condition of the System as of the close of each year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Revenue Bond Fund, and into any and all special funds or accounts created pursuant to the provisions of this ordinance, and the amounts expended for maintenance, renewals, replacements, and capital additions to the System.

No Free Service. Unless permitted by law or City policy, the City will not furnish or supply or permit the furnishing or supplying of any commodity, service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation, public or private, so long as any Bonds are outstanding and unpaid.

Additions and Improvements. The City will not expend any of the revenues derived by it from the operation of the System or the proceeds of any indebtedness payable from the Revenue of the System for any extensions, betterments or improvements to the System that are not legally required or economically sound, and that will not properly and advantageously contribute to the conduct of the business of the System in an efficient manner.

Collection and Application of ULID Assessments. All ULID Assessments shall be paid into the Revenue Bond Fund and shall be used to pay and secure the payment of the principal of and interest on the Parity Bonds. Nothing in this ordinance or this section shall be construed to prohibit the City from issuing water, wastewater or water and wastewater system revenue bonds junior in lien to the Bonds and pledging as security for their payment assessments levied in any ULID which may have been specifically created to pay part of the cost of improvements to the System for which those junior lien bonds were specifically issued.

Collection of Delinquent ULID Assessments. The City will, on or before April 1 of each calendar year, determine all ULID Assessments or installments thereof that are delinquent and will take all necessary action to enforce payment of such ULID Assessments, including real property foreclosure actions pursuant to applicable law, if any, against the property owners whose ULID Assessments are delinquent.

Permitted Investments

Money in the Revenue Bond Fund and the Reserve Account may be invested in any legal investment for City funds. Investments in the Revenue Bond Fund will mature prior to the date such money will be needed for required interest or principal payments. Investments in any Reserve Account will not mature later than the last maturity of the Parity Bonds secured by said investments. Investment earnings allocated to the System by the Spokane Investment Pool will be deposited in the Revenue Fund. See “THE CITY – Authorized Investments” and “– Spokane Investment Pool.”

No Acceleration

Neither a bondowner nor any bondowner’s trustee has the right to accelerate the payment of debt service on the Bonds upon the occurrence of an Event of Default.

Amendatory Ordinances

The City Council may, at any time, pass supplemental or amendatory ordinances, without consent of holders of Parity Bonds, to add covenants or agreements the City will observe, so long as the covenants do not adversely affect the interests of the holders of any Parity Bonds, or to cure any ambiguities, or cure, correct or supplement any defective provision in the Ordinance which will not adversely affect the interest of holders of Parity Bonds.

With the consent of the holders of not less than 60% in aggregate principal amount of Parity Bonds outstanding, the Council may pass supplemental ordinances for the purpose of adding provisions or changing or eliminating any provisions in the Ordinance as long as the supplemental ordinances do not: (i) extend the fixed maturity, reduce the rate of interest, amount of principal, or premium amount (if any) payable, or extend the timing of interest, principal, or premium (if any) beyond the due date, without consent of the holder of each bond so affected; or (ii) reduce the percentage of bondholders required to approve any such supplemental ordinance, without the consent of the holders of all of the Parity Bonds then outstanding.

DEBT SERVICE REQUIREMENTS AND ADDITIONAL BORROWING

The following table shows debt service for the Bonds:

Debt Service Requirements			
Year	Principal	Interest	Debt Service⁽¹⁾
2015	\$ 5,625,000	\$7,887,806	\$ 13,512,806
2016	5,920,000	7,628,528	13,548,528
2017	6,215,000	7,332,528	13,547,528
2018	6,530,000	7,021,778	13,551,778
2019	6,855,000	6,695,278	13,550,278
2020	7,200,000	6,352,528	13,552,528
2021	7,555,000	5,992,528	13,547,528
2022	7,935,000	5,614,778	13,549,778
2023	8,330,000	5,218,028	13,548,028
2024	8,750,000	4,801,528	13,551,528
2025	9,185,000	4,364,028	13,549,028
2026	9,645,000	3,904,778	13,549,778
2027	9,935,000	3,615,428	13,550,428
2028	10,250,000	3,302,475	13,552,475
2029	10,710,000	2,841,225	13,551,225
2030	11,190,000	2,359,275	13,549,275
2031	11,640,000	1,911,675	13,551,675
2032	12,105,000	1,446,075	13,551,075
2033	12,590,000	961,875	13,551,875
2034	13,060,000	489,750	13,549,750
Total	\$ 181,225,000	\$89,741,886	\$ 270,966,886

⁽¹⁾ Totals may not add due to rounding.

Future Parity Bonds

The City currently does not plan to issue any Future Parity Bonds within the next two years.

Summary of Outstanding Parity Debt

The City currently has no outstanding Parity Bonds.

Subordinate Obligations

The following table outlines the City's existing subordinate obligations as of October 7, 2014:

City of Spokane Subordinate System Debt			
Prior Debt - Unrelated to Current Capital Plan	Amount Contracted (Not to Exceed)	Draws as of 10/7/2014	Principal Balance at 10/7/2014
Public Works Trust Fund Loans	\$24,567,855	\$21,220,867	\$ 6,511,557
State Revolving Fund Loans	<u>7,730,209</u>	<u>5,943,510</u>	<u>5,154,721</u>
Total Loans - Prior Capital Plans	\$32,298,064	\$27,164,377	\$11,666,278
Subordinate Debt Related to Current Capital Plan			
State Revolving Fund Loans	<u>\$33,833,785</u>	<u>\$ 4,667,105</u>	<u>\$ 4,667,105</u>
Total Current Capital Plan Loans	\$66,131,849	\$31,831,482	\$16,333,383

Additionally, the City has been awarded debt from the State Revolving Fund and other State sources of \$50,526,810. The City has not drawn on any of these loans. The City may or may not draw on any or all of the approved loans. All of these loans are junior to the lien and charge of the Parity Bonds on the Net Revenues.

The City may seek additional subordinate obligations from the State to support the System's capital program.

THE WATER AND WASTEWATER SYSTEM

Overview

The System provides its residential, commercial and industrial customers with water, wastewater, and stormwater services. The City combined these utility services into a single financial unit in 2013 to support integrated planning for water, wastewater, and stormwater needs. This change has resulted in improved responsiveness, greater flexibility to address emergent issues, and the opportunity to leverage revenues to increase capital capacity. Management of all portions of the System is conducted to responsibly protect the water supply of the Spokane Valley-Rathdrum Prairie Aquifer (the “Aquifer”), the health of the Spokane River, and the quality of the City’s drinking water.

The System has more than 70,000 customer accounts and employs approximately 350 people. The System has a proposed operating budget of \$88 million and a capital budget of \$102 million for 2015. Revenues in 2013 totaled \$115 million. (See “FINANCIAL INFORMATION – Historical Operating Results”). The System has comprehensive capital plans that anticipate future needs and allow for enhanced prioritization of needed work.

Water System

The City’s water system provides delivery of up to 180 million gallons per day of clean, safe drinking water to its customers. The water system service area is closely aligned with the boundaries of the City; serving approximately 99.9% of the residents within the City limits. The other approximately 0.1% of the City’s residents receive water service from Spokane Water District No. 3, the boundaries of which overlap the City. Approximately 93.6% of the City’s water accounts are inside the City. The remaining accounts are in unincorporated Spokane County (the “County”) and in the cities of Airway Heights and Spokane Valley. In addition to being the sole source of drinking water, the water system also provides water flow to fight fires and protect property.

Water Supply. The Aquifer is the source of all the drinking water for the approximately 500,000 people in the Spokane-Coeur d’Alene metropolitan area. The Aquifer, which covers 322 square miles and has a volume of 10 trillion gallons, reaches northeast to the Pend Oreille and Coeur d’Alene Lakes, and water flows south under the Rathdrum Prairie, and then west into Washington, with the City near the southwest boundary. As many as 650 million gallons of water flow from Idaho into Washington on a daily basis, providing ample supply. The Aquifer is replenished by several nearby lakes, precipitation and hillside runoff. Depth of the water supply ranges between 30 and 40 feet below the surface, near the City, to nearly 400 feet in northern Idaho.

The quality of the water is currently high. Many small water systems in the Spokane area that rely on the Aquifer as the source of drinking water choose not to chlorinate the water. Because of the size of its water distribution system, the City does chlorinate to ensure safety and respond to any quality concerns. Still, the quality of the water source allows the City to avoid operating expenses faced by communities that rely on surface water supplies for their drinking water. The City takes the maintenance of the water quality of the Aquifer seriously and supports initiatives to evaluate the interchange between the Aquifer and the Spokane River, protect areas around wellheads, and educate its citizens on the importance of disposing of wastes properly. Many aquifers have a protective layer of rock or clay to prevent the seeping of chemicals and contaminants into the water supply; however, the Aquifer does not enjoy such a protective layer. In the interest of preserving the quality of the water in the area, an inter-governmental body, the Spokane Aquifer Joint Board, comprised of 21 water purveyors drawing water from the Aquifer, including the City, was created.

Water Rights and Agreements. The City was granted its water rights by the State Department of Ecology, and the City is authorized to use its water supply for municipal needs. The City has senior rights to the Aquifer’s water supply; water rights for specific sites were awarded in 1948, with the year of priority dating back to 1907. The City’s water rights total 147,000 acre-feet of water per year. Currently, the City uses approximately 75,000 acre-feet annually, or about half of its allocation. The City anticipates its rights will prove sufficient to satisfy the City’s needs for many years, barring unforeseen growth or demand.

The water system provides water for emergency interties with six adjacent water systems. The City also has wholesale agreements with Fairchild Air Force Base and the City of Airway Heights. The City anticipates the possibility of additional wholesale water customer agreements with some neighboring jurisdictions in the near term.

Wastewater and Stormwater System

The City collects, manages, and treats wastewater generated within its service area. The geography of the City allows for a very efficient wastewater collection system: the terrain of the City is essentially bowl-shaped, with downtown and the Spokane River at the bottom of the bowl. The primary wastewater interceptor runs along the river at the lowest point. The simplicity of the City's geography allows the wastewater system to be primarily gravity-driven, enabling the City to deliver the entire wastewater flow of the City to a single plant, the Riverside Park Water Reclamation Facility (the "Treatment Plant") that discharges its effluent to the Spokane River. More than 34 million gallons of wastewater is treated daily at the Treatment Plant, which is located 3.5 miles northwest of downtown, in Riverside State Park. The facility has a maximum daily treatment capacity of about 75 million gallons, and the headworks can accommodate a peak flow rate of 150 million gallons per day. The City provides wastewater services to other areas inside the County through an interlocal agreement and also has a wholesale agreement with Fairchild Air Force Base to provide wastewater treatment. Although the County operates its own water reclamation facility, it retains up to 10 million gallons in treatment capacity at the City's plant and pays for 10/44^{ths} of capital improvements at the Treatment Plant.

The configuration of the wastewater system is energy-efficient; with only one plant and a gravity-fed system, the City's need to pump wastewater around the City is limited, which keeps power usage low and requires fewer pieces of mechanical equipment that need regular maintenance. The nature of the wastewater system requires the City to be diligent about protecting the integrity of the main sewer interceptor to keep the Spokane River safe. In its current maintenance plan and the plan for the future system, the City has taken significant steps to ensure the long-term viability and protection of the interceptor. A portion of the proceeds of the Bonds will be applied toward improvements and upgrades to the Treatment Plant. See "CAPITAL PLANNING – Wastewater and Stormwater System Capital Improvements" below.

The City's stormwater drainage system consists of 300 miles of separated storm sewers and thousands of drywells, swale bioinfiltration treatment facilities, and evaporation facilities. The City is putting increasing emphasis on managing stormwater to improve the health of the Spokane River, where hundreds of millions of gallons of untreated stormwater is discharged annually. The City has committed to adding stormwater management on site whenever it works on streets or completes other public works projects. City engineers are considering innovative approaches for stormwater management in the right of way, and the City has adopted a new ordinance that encourages private developers to implement low-impact development techniques to manage stormwater more effectively.

CAPITAL PLANNING

The City annually updates and publishes six-year capital plans for the System. Additionally, in 2013, the City undertook a yearlong voluntary comprehensive review of its wastewater management plans to improve water quality in the Spokane River and meet Clean Water Act mandates. The result is one comprehensive document, the Integrated Clean Water Plan ("ICWP"), that prioritizes wastewater and stormwater work with the greatest positive environmental impact.

Integrated Clean Water Plan

Facing significant costs, an aggressive timeline, and a changing regulatory environment, the City completed the ICWP that focuses on improving water quality in the Spokane River. The City used the U.S. Environmental Protection Agency's integrated planning framework as a guide and collaborated with the Washington State Department of Ecology.

The ICWP includes projects which exceed the thresholds of current mandates or regulations and outlines the City's objectives to: (i) achieve a cleaner river faster by prioritizing work with the greatest potential to reduce pollution going into the Spokane River—especially phosphorus and other nutrients, heavy metals, and toxins, including polychlorinated biphenyl ("PCB"); (ii) implement cost-effective and innovative approaches, using "green" technology to achieve maximum environmental and operational benefits; and (iii) address critical infrastructure needs by outlining a streamlined approach to planning the capital needs for the wastewater and stormwater components of the City's utilities. See "Wastewater and Stormwater System Capital Improvements" for details on the capital projects included in the ICWP.

The integrated approach to infrastructure planning is designed to get enhanced results more quickly at a more affordable price than if the City dealt with its System improvements separately. Prior to the integration, the City had anticipated capital improvement costs to improve the Treatment Plant and to reduce overflows from combined sewers of \$450 million. Using the integrated approach allowed the City to streamline projects, reduce its anticipated spending needs to total just over \$300 million and broaden the scope of planned projects. The ICWP includes many projects that currently are not regulated or required by mandate, but are beneficial to maintaining the quality of the Spokane River.

The City has included an adaptive management approach within the ICWP to ensure it meets regulations and can accommodate climate change and future growth in the City. The approach removes stormwater from combined and separated stormwater piping as part of street and other public works projects, allowing the City to capture more stormwater before it enters the Spokane River or requires treatment at the Treatment Plant.

Net proceeds of the Bonds will be used to help pay for the following improvements:

Wastewater and Stormwater System Capital Improvements

The City will use proceeds of the Bonds to pay for improvements identified in its ICWP and for other projects to manage wastewater and stormwater. Additionally, smaller projects are planned to replace pipes, catch basins, and other basic infrastructure needs within these collection and treatment systems.

The ICWP details \$311 million in wastewater and stormwater management projects to reduce pollution going into the Spokane River, including:

- Construction of a \$100 million tertiary wastewater treatment filtration system at the City's wastewater treatment plant, using advanced membrane technology to enable the City to produce class A wastewater.
- The addition of 11 large underground concrete holding tanks and related piping to control overflows from combined sewers during large storms and meet current regulations. This work is expected to cost approximately \$180 million.
- Completion of two green infrastructure projects, totaling about \$3 million, in two smaller combined sewer basins to manage overflows to the Spokane River.
- Implementation of a \$20 million project to manage stormwater from the Cochran Basin on the City's North Side, where the City separated storm sewers in the 1980s. About half the volume of the City's stormwater runoff that reaches the Spokane River comes from this single stormwater outfall.

The City also has projects planned for these systems outside the ICWP that are detailed in its Wastewater Six-Year Capital Plan, including:

- Addition of a \$14 million solids digester at the wastewater treatment plant to meet requirements for redundancy and provide more efficient operations at the facility. This will be the third digester at the facility.
- Construction of a fifth primary clarifier, totaling about \$6.1 million, to add capacity at the treatment plant and improve treatment of wastewater during storms.

Water System Capital Improvements

The existing structure of the Water System is aging, and many of the pipes date from pre-World War II. The City will use some of the proceeds of the Bonds to replace and upgrade water mains and make other improvements. The City has a six-year capital plan to identify needed improvements and provide structure to the City's efforts to replace and rehabilitate the existing infrastructure. The City also has a Water System Plan, which is updated annually to ensure resources are matched with current and anticipated capital needs. The Water System Plan is used to define the City's water service area and to identify and size improvements for the water system. The City will use proceeds of the Bonds to fund a portion of these improvements, which total about \$35 million over the next 3 years. A summary of the planned improvements is as follows:

- Improve source well stations and well pumps.
- Add an additional source well to the City's distribution system.
- Replace and add pumps at booster stations to remove aging components and add service capacity.
- Add storage capacity in selected areas of the system to accommodate growth, provide hydraulic consistency, and offer service redundancy.
- Replace or construct new transmission mains to improve the health of the system and accommodate growth.

OPERATIONS OF THE WATER AND WASTEWATER SYSTEM

Water System Operations

The City's water system has 23 pressure zones with 24 booster stations, seven source stations, and more than 1,070 miles of water main in addition to smaller water lines. Water storage is provided by 34 reservoirs and standpipes that have a combined capacity of 106 million gallons.

In addition, the Upriver Dam and Hydroelectric Facility on the Spokane River is an asset of the system that generates enough power on an annual basis to operate the water distribution system. The dam operates under a Federal Energy Regulation Commission license that was issued in 1981 and expires in 2031. Less than two percent of all System revenue comes from the sale of hydroelectric energy.

Water Operating Statistics

	2009	2010	2011	2012	2013
Number of connections	72,983	73,199	73,311	73,514	73,879
Water Revenue	\$31,822,251	\$31,585,996	\$33,428,370	\$32,805,944	\$35,732,176
Average MGD ⁽¹⁾ Consumption	61.4	56.5	56.7	57.6	58.0
Peak MGD ⁽¹⁾ Consumption	126.2	125.6	119.4	119.1	128.2

⁽¹⁾ MGD = millions of gallons per day.

Source: City of Spokane.

Largest Customers. For the fiscal year ending December 31, 2013, the ten largest water customers, excluding the City, generated \$829,504, or 2.6 percent of water system revenue in 2013. The largest accounts are mostly higher education institutions, healthcare facilities, and large apartment buildings.

Wastewater and Stormwater Operations

The City's wastewater system includes more than 865 miles of wastewater pipe (including laterals, mains, and trunks), approximately 17,851 manholes and 70,814 customer connections, including 62,310 single-family residences, 4,204 multi-family connections, with the remaining, 4,300 connections being commercial/industrial or government/education. The City's wastewater system also includes 28 lift stations. The City serves virtually all connections in the City boundaries, as well as to some outside the City. Of the total number of accounts, 85.2% are inside the City, and 14.8% are outside the City. The City's stormwater drainage system consists of 361 miles of separated storm sewers and thousands of drywells, swale bioinfiltration facilities and evaporation facilities.

Wastewater and stormwater operations historically have been combined at the City. Operating information and statistics for the wastewater and stormwater components of the System are detailed below.

Wastewater and Stormwater Operating Statistics

	2009	2010	2011	2012	2013
Number of Accounts	70,428	70,551	70,595	70,639	70,814
Wastewater & Stormwater Revenues ⁽¹⁾	\$58,392,559	\$65,297,300	\$73,553,670	\$76,828,892	\$79,593,268

⁽¹⁾ Includes Fairchild Air Force Base and Spokane County revenues.

Source: City of Spokane.

Largest Customers. The largest retail wastewater and stormwater customers, excluding the City, by amount billed for the 12-month period ended December 31, 2013 totaled \$3.2 million, and accounted for 4.2% of total 2013 wastewater revenue. The largest customers are mostly large apartment buildings, higher education institutions, and healthcare facilities.

Rates and Billing

Rates charged by the System are not subject to control by any federal or State agency. Rate ordinances must be approved by an affirmative vote of the City Council. The establishment of rates is within the exclusive jurisdiction of the City, subject to a

requirement of State law that fair and nondiscriminatory rates must be fixed to produce revenue adequate to pay for operation and maintenance and to meet all debt service requirements payable from such revenue. The City reviews its utility rates at least annually. The City's goal is to limit rate increases to the cost of inflation, using a 25-year average of the consumer price index, to maintain affordability. The average forecasted annual rate increase is currently 2.9%.

The Bond Ordinance requires the City to establish, maintain and collect rates and charges for all services and facilities provided by the System, which will be fair and nondiscriminatory. The City is required to adjust those rates and charges from time to time so that the Adjusted Net Revenue in each fiscal year will be at least equal to the Coverage Requirement. See "SECURITY FOR THE BONDS – Rate Covenant."

System customers receive a single monthly bill from the City that includes charges for the City's wastewater, water, stormwater and solid waste services. Customers' bills also include a single line-item charge called Integrated Capital that pays for capital improvements in the System. The Integrated Capital charges for 2014 are \$25.60 per month for residential customers within the City limits and \$29.33 per month for those outside the City's boundaries. The City applies partial payments to the water utility last and has the authority to shut off water for non-payment.

Comparative Rate Schedules. The following table shows equivalent monthly residential bills for the City's System and other County and Washington city utility systems. These bills are based on single family residential hookups using a 3/4 inch meter, assuming consumption of 1,000 cubic feet of water per month at summer rates, where applicable.

Comparative Monthly Water, Wastewater and Stormwater Charges⁽¹⁾

Spokane County Cities		Other Washington Cities	
Liberty Lake	\$ 48.74	Vancouver ⁽²⁾	\$ 61.68
Cheney	50.32	Tacoma ⁽²⁾⁽⁴⁾	101.72
Medical Lake	54.80	Seattle ⁽²⁾⁽⁴⁾⁽⁶⁾	186.99
Spokane (Inside City) ⁽³⁾	75.41		
Airway Heights	98.30		
Spokane (Outside City) ⁽⁵⁾	111.65		

⁽¹⁾ Single family residential rate based on 1,000 cubic feet of consumption per month; summer rates where applicable. Stormwater rates are included.

⁽²⁾ Assumes 7 ccf wastewater usage.

⁽³⁾ Includes an integrated capital fee of \$25.60 per customer and a flat stormwater fee of \$3.84 per account. Includes utility taxes.

⁽⁴⁾ Assumes 7,000 square foot single-family residence.

⁽⁵⁾ Includes an integrated capital fee of \$29.33 per customer. Stormwater service is not offered to customers outside the City; no stormwater fee is included. Includes utility taxes.

⁽⁶⁾ Stormwater is billed on an annual basis. For comparison purposes, the annual charge is shown as a monthly charge.

Source: Rate schedules for City of Spokane, City of Airway Heights, City of Cheney, Liberty Lake Sewer and Water District, City of Medical Lake, City of Seattle, City of Tacoma, and City of Vancouver.

Each year, the City collects more than 99 percent of the billed amounts for its utilities. Additional controls and collection policies are being implemented to continue this trend and ensure the success of future collections. The City offers a budget billing option to make it easier for customers to plan for their bills and operates an emergency financial assistance program to aid low-income customers.

The Utilities Division Director, or such authorized representative as he or she may designate, is authorized to make adjustments or corrections to billings for any charge for water or wastewater service, including but not limited to connection charges, minimum monthly billings, meter charges, penalty and special charges, improperly charged rates, and, subject to the City Council's approval, the cancellation of uncollectible bills and accounts.

History of Water and Wastewater Rate Changes. The following table shows annual utility rate changes from 2009 to 2014 for water, wastewater and stormwater. The changes applied to base charges, consumption charges, and capital charges.

Average Utility Rate Yearly Change

<u>Year</u>	<u>Water % Change</u>	<u>Wastewater & Stormwater % Change</u>
2014	2.90%	2.90%
2013	3.50	3.50
2012	4.50	13.70
2011	3.75	15.00
2010	3.75	15.00
2009	3.40	3.50

Source: City of Spokane.

Water Rate Schedules. The City adopted rate increases for the water system effective January 1, 2014, as shown below. The monthly bill for each customer includes a base charge and a water consumption charge. The City has two base rate charges: one for customers within the City limits, and another for customers outside the City limits.

Water Base Charge (Monthly)

	<u>Inside City</u>	<u>Outside City</u>
Residence (per unit)	\$14.50	\$21.76
Commercial (based on meter size)		
≤ 1.0"	19.85	29.77
1.5"	29.56	44.33
2.0"	40.02	60.02
3.0"	61.41	92.12
4.0"	82.89	124.32
6.0"	115.38	173.06
8.0"	231.72	347.58
10.0"	336.33	504.49

Source: City of Spokane.

In addition to the base charge, each customer is charged the following rate, based on cubic feet of water consumed per month:

Monthly Water Consumption Charge – Tiered Rate for Residential and Commercial Users

<u>Consumption</u>	<u>Residential</u>		<u>Commercial⁽¹⁾</u>	
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
0-600 cf	\$0.2769	\$0.4154	\$0.2872	\$0.4308
600-1000 cf	0.5858	0.8789	0.5961	0.8943
1000-4500 cf	0.7881	1.1822	0.8623	1.2936
>4500 cf	1.0118	1.5179		

⁽¹⁾ For commercial consumption, all usage is charged at the highest applicable rate.

Source: City of Spokane.

Wastewater Rate Schedule. The City's current wastewater rate schedule became effective on January 1, 2014, and is shown in the following table. The wastewater rates for residential, including multi-family, are based on a fixed monthly base charge. Wastewater rates for commercial customers include a fixed base rate and a volume charge based on water consumption.

Wastewater Rate Schedule (Monthly)

	<u>Inside City</u>	<u>Outside City</u>
Single-family residences (base)	\$27.27	\$54.55
Duplexes, apartments, condominiums, and other multi-unit residences: cost for first unit	27.27	54.55
Cost for each additional unit	26.55	53.10
Commercial customers		
Fixed Rate:	27.27	54.55
Volume Charge per 100 cf of metered water consumption	1.44	2.88

Source: City of Spokane.

Stormwater Rate Schedules. The City's current stormwater rate schedule became effective on January 1, 2014, and is shown in the following table. The City's expectation is to keep increases in the stormwater charges proportionate with the water and wastewater rate increases, at 2.9 percent annually. The stormwater component of a System customer bill is a flat rate per account for residential, and a flat rate plus a charge per increment of impervious acre for commercial customers, as shown below.

Residential

Single-family residential	\$3.84
Charge per unit for four units or less	3.29
Charge per unit for over four units	2.63

Commercial

Commercial Stormwater Charge ⁽¹⁾	\$3.84
Charge per 1/100 impervious acre, per month	0.7721

⁽¹⁾ Minimum charge includes first 0.0497 acre of impervious surface.

Source: City of Spokane.

General Facilities Charges. For new customers, the City imposes general facility charges ("GFC's") for water and wastewater. The GFC is a utility rate surcharge assessed at the time of connection or service upgrade; its purpose is to defray costs created by new system demand. The current GFCs for a residential customer are \$1,232 for water and \$2,400 for wastewater. For commercial customers, the current GFCs for water range from \$1,232 for pipes with diameters less than one inch to \$9,857 for pipes of four inches. In the last five years, GFCs have accounted for less than 1.53% of total System operating revenues.

City Tax on the System. The City levies a municipal utility tax of 20% on the gross receipts of the System, as allowed in RCW 35.22.280. The rate is set and approved by the City Council and is found in Spokane Municipal Code 08.10.030. The tax is legally levied on the utility, not the customer, and must be paid for from utility revenues. In accordance with the Ordinance, the City tax is payable subordinate to the debt service on the Bonds and any Future Parity Bonds.

Compliance with State and Federal Environmental Water Quality Laws and Regulations

The System is subject to regulation under several federal laws and regulations, including the Clean Water Act and the Safe Drinking Water Act. Applicable State regulations also include the State Environmental Policy Act (SEPA) and state water quality standards. The City's management of the System also must be consistent with its comprehensive plan, which is required pursuant to the Growth Management Act and various other State regulations.

Drinking Water System. The City's water system currently meets or exceeds all State and federal regulations governing the safety of its drinking water. The City is in compliance with all water quality regulations, including monitoring requirements. The City performs more than 2,000 tests annually on its water to ensure quality for its customers.

Additionally, the City must meet water conservation goals as part of State and federal requirements. In 2014, the City Council approved revised Water Use Efficiency goals. The City is working to reduce indoor residential usage by 0.5 percent annually as well as outdoor use by residents, commercial customers, and government customers by 2 percent annually.

The City has implemented a number of strategies to reduce its distribution system leakage (“DSL”) to attain compliance with the State standard. The State requires water systems to achieve a DSL of no more than 10 percent on a three-year rolling average. The DSL for the City’s water system for 2013 was 17.9%.

The City updates its Water System Plan in compliance with the requirements of Washington State Department of Health. The plan provides detailed information on the City’s water system, operations, and future plans. It also details the City’s water service areas. The limit of expansion for the City’s water system is determined by the Spokane County Coordinated Water System Plan.

Wastewater System. The City’s wastewater system, including the Treatment Facility, combined sewer overflow (“CSO”), and commercial pre-treatment program, operates under National Pollutant Discharge Elimination System (“NPDES”) permit—issued in July 2011—granted by the Washington State Department of Ecology (“Ecology”).

In June 2014, the City received a Wastewater Treatment Plant Outstanding Performance Award from Ecology; the award recognizes facilities that achieve full compliance with their operational permits. The City’s plant passed all environmental tests, analyzed all required samples, and completed all necessary reporting. Among other things, the permit requires significant capital construction in the next few years to:

- (i) Control CSOs by the end of 2017.
- (ii) Add tertiary treatment (also known as Next Level of Treatment) at the Treatment Facility and achieve effluent standards by March 2021.

A Spokane River Total Maximum Daily Load (“TDML”) addressing dissolved oxygen levels also necessitates this work. In 2014, the City received approval from Ecology for its updated CSO control plan and its Next Level of Treatment Engineering Report/Wastewater Facilities Plan Amendment No. 3 to address these requirements.

As a discharger to the Spokane River, the City also is required by Ecology to participate in the Spokane River Regional Toxics Task Force, a collaborative group of governmental agencies, private industries, and environmental organizations that is working to identify and reduce toxics in the River. In particular, the Task Force must demonstrate “measurable progress” toward achieving water quality standards for PCBs and other toxics.

Current work by the State to adopt new fish consumption standards and address in-stream flows in the Spokane River also will impact water quality standards that the City must address.

Stormwater System. The City operates its stormwater system under its updated and renewed municipal stormwater permit, which took effect on August 1, 2014. The permit authorizes the discharge of stormwater to surface and ground waters from the City’s stormwater drainage system.

The permit is part of the NPDES Eastern Washington Phase II Municipal Stormwater Permit and is administered by Ecology. Regulatory authority for managing this permit was given to Ecology from the federal government. The City is in compliance with the requirements of its permit.

The permit requires the City to develop and annually update a Stormwater Management Program (“SWMP”) which details the actions and activities to be implemented by the City in order to reduce the discharge of pollutants. The SWMP includes measures related to public education and outreach; public involvement; illicit discharge detection and elimination; controlling runoff from new development, redevelopment and construction sites; pollution prevention and operation and maintenance for municipal operations; and monitoring. The Permit lists specific actions and methods that the City must implement through the SWMP. The City updates the SWMP annually as required by the Permit.

The updated permit has several new requirements, including enhanced operations and maintenance, performance of effectiveness studies, and allowing low impact development for stormwater management.

Low-impact development is an emerging practice that mimics nature’s management of stormwater. It emphasizes site conservation and uses natural landscaping features to filter and retain stormwater close to where it falls. The City passed an ordinance allowing for these techniques in 2013. The ordinance provides for reduced stormwater fees for commercial customers that install certain low-impact development facilities.

Endangered Species Act. In planning future projects, the City evaluates the construction and operation of the facilities to determine if there will be any impact on endangered species through the use of site evaluations, special environmental studies, and preparation of SEPA checklists or environmental impact statements. Alternatives are developed to minimize or avoid impacts on endangered species. Best management practices are employed during routine operation and maintenance activities to minimize impacts on the environment.

FINANCIAL INFORMATION

The following are financial data for the System, including historical operating results with debt service coverage, projections for the years 2014-2016, and balance sheets for the years 2009 through 2013.

Historical Operating Results

The following table shows historical operating results for the System for the years 2009 through 2013, and is based on consolidated audited financial statements for the System. The historical results have been adjusted to exclude depreciation, grants for capital projects, and other non-cash revenues and expenses to show the balance available for debt service.

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**Water and Wastewater System
Historical Operating Results (000)⁽¹⁾**

	Audited Fiscal Year				
	2009	2010	2011	2012	2013
Operating Revenues					
Charges for goods and services	\$ 90,123	\$ 96,741	\$ 106,602	\$ 109,225	\$ 115,126
Other operating revenues	92	143	379	410	199
Total Operating Revenues	<u>\$ 90,215</u>	<u>\$ 96,884</u>	<u>\$ 106,981</u>	<u>\$ 109,635</u>	<u>\$ 115,325</u>
Operating Expenses					
Operations ⁽²⁾	\$ 25,755	\$ 26,461	\$ 27,823	\$ 29,801	\$ 23,208
Maintenance	17,222	17,258	18,030	17,322	17,368
Administration ⁽³⁾	5,237	5,091	5,434	5,870	9,572
Depreciation	14,782	14,868	15,435	16,980	19,015
Taxes	21,287	22,330	25,251	26,073	26,362
Total Operating Expenses	<u>\$ 84,282</u>	<u>\$ 86,008</u>	<u>\$ 91,972</u>	<u>\$ 96,045</u>	<u>\$ 95,524</u>
Operating Income	<u>\$ 5,932</u>	<u>\$ 10,875</u>	<u>\$ 15,010</u>	<u>\$ 13,590</u>	<u>\$ 19,801</u>
Non-Operating Revenues & Expenses					
Interest income	\$ 685	\$ 347	\$ 261	\$ 379	\$ 176
Net increase (decrease) in fair value of investments	(252)	159	(62)	385	(743)
Gain (loss) on disposition of fixed assets	53	(2,621)	67	445	320
Interest expense	(193)	(153)	(151)	(146)	(127)
Net revenues (expenses) from contract work	21	(185)	(125)	31	(232)
LID losses and engineering expenses	(949)	(1,059)	(852)	(317)	(608)
Rent and lease income	543	573	642	662	586
Other non-operating revenue	46	94	1,676	3,621	72
Total Non-Operating Revenues	<u>\$ (46)</u>	<u>\$ (2,845)</u>	<u>\$ 1,457</u>	<u>\$ 5,060</u>	<u>\$ (556)</u>
Income (loss) before contributions and transfers	<u>\$ 5,886</u>	<u>\$ 8,030</u>	<u>\$ 16,467</u>	<u>\$ 18,650</u>	<u>\$ 19,245</u>
Capital contributions	7,437	5,927	6,677	7,486	5,419
Net transfers	(124)	166	(324)	12	(20)
Change in Net Position	<u>\$ 13,199</u>	<u>\$ 14,123</u>	<u>\$ 22,820</u>	<u>\$ 26,148</u>	<u>\$ 24,644</u>
Debt Service Calculation Adjustments					
Income (loss) before contribution and transfers	\$ 5,886	\$ 8,030	\$ 16,467	\$ 18,650	\$ 19,245
Plus: County capital contributions	1,882	2,907	2,946	2,396	2,069
Plus: General facilities charges	1,430	1,384	1,364	1,542	1,874
Plus: Depreciation expense	14,782	14,868	15,435	16,980	19,015
Plus: City utility tax expense	19,098	19,662	22,269	23,063	23,439
Less: Net increase (decrease) in fair value of investments	252	(159)	62	(385)	743
Less: Gain (loss) on disposition of fixed assets	(53)	2,621	(67)	(445)	(320)
Plus: Interest Expense	193	153	151	146	127
Balance Available for Debt Service	<u>\$ 43,470</u>	<u>\$ 49,465</u>	<u>\$ 58,626</u>	<u>\$ 61,946</u>	<u>\$ 66,191</u>

⁽¹⁾ Prior to 2013, the Water and Wastewater Funds were separate funds and were audited accordingly. For purposes of comparison, financial information for these funds has been combined for the years 2009-2012.

⁽²⁾ The \$6.5 million decrease in Operations expenses from 2012 to 2013 was due to: (1) \$3.7 million reduction in expenses that were recorded as Operations in 2012 and Administration in 2013; (2) \$1.0 million reduction in the allocation of salaries/benefits expenses; (3) \$0.7 million reduction in interfund expenses; and (4) \$0.5 million reduction in general expenses.

⁽³⁾ The \$3.7 million increase in Administration expenses from 2012 to 2013 was due to: (1) \$2.0 million increase in expenses related to the hydro dam that were recorded as Operations in 2012 and Administration in 2013; and (2) \$1.7 million in interfund information technology, engineering, and fleet costs that were recorded as Operations in 2012 and Administration in 2013.

Source: City of Spokane.

Water and Wastewater System
Historical Comparative Statement of Net Position (000)⁽¹⁾⁽²⁾

	Audited Fiscal Year				
	2009 ⁽³⁾	2010	2011	2012	2013
Current Assets					
Cash and deposits	\$ 18,028	\$ 24,861	\$ 32,429	\$ 7,643	\$ 6,327
Equity in Pooled Investments	61,065	48,697	45,418	71,799	78,341
Accounts and Interest Receivable	9,094	10,254	10,601	11,475	12,611
Due from Other Funds	358	600	651	935	935
Interfund Loan Receivable		104	245	781	910
Due from Other Governments	5,030	5,101	5,043	9,926	6,542
Inventory	2,470	2,518	2,496	2,457	2,435
Total Current Assets	96,045	92,135	96,883	105,016	108,101
Noncurrent Assets					
Land	11,601	6,790	8,535	8,647	8,691
Property, plant & equipment	237,871	249,703	253,944	272,770	289,363
Infrastructure	359,326	387,468	445,759	458,121	453,533
Construction in Progress	43,856	41,803	51,170	51,889	54,028
less: accumulated depreciation	(208,881)	(223,036)	(250,081)	(265,540)	(282,343)
Other Noncurrent Assets	1,179	3,083	3,903	4,102	10,019
Total Noncurrent assets	444,952	465,811	513,230	529,989	533,291
Total Assets	\$ 540,997	\$557,946	\$ 610,113	\$ 635,005	\$ 641,392
Current Liabilities					
Accounts Payable	\$ 2,883	\$ 4,756	\$ 6,011	\$ 4,548	\$ 5,105
Compensated absences	108	94	125	143	158
Due to other funds	3,274	4,690	4,715	4,432	5,054
Due to other governments	1,358	1,488	1,430	4,476	1,383
Accrued interest payable	75	65	70	73	50
Other current liabilities	710	568	596	664	745
Other accrued liabilities	774	593	750	646	575
Total Current Liabilities	9,182	12,254	13,697	14,982	13,070
Noncurrent Liabilities					
Due to Other Governments	11,766	11,556	10,239	9,804	8,920
Unearned Revenue	1,058	913	681	-	-
Compensated Absence	1,909	1,894	1,927	3,165	2,953
Total Noncurrent Liabilities	14,733	14,363	12,847	12,970	11,873
Total Liabilities	\$ 23,915	\$ 26,617	\$ 26,544	\$ 27,952	\$ 24,943
Net Assets					
Net Investments in Capital Assets	\$ 430,599	\$ 449,852	\$ 497,835	\$ 522,524	\$ 513,207
Unrestricted	86,482	81,476	85,735	84,531	103,242
Total Net Assets	\$ 517,081	\$ 531,328	\$ 583,570	\$ 607,055	\$ 616,448

⁽¹⁾ Prior to 2013, the water and wastewater utilities were accounted for separately; however, the results have been combined for the years 2009-2012.

⁽²⁾ Totals may not foot due to rounding.

⁽³⁾ Cash and deposits include \$690,000 of restricted customer deposits, and Other Current Liabilities includes \$710,000 payable from restricted assets.

Source: City of Spokane.

Projected Operating Results

The following table shows projected operating results for the System for the years 2014 through 2016, with adjustments to show the balance available for debt service and debt service coverage. The projections show annual rate increases of 2.90% for 2015 and 2016. Expenses for operations, maintenance and administration and taxes are assumed to increase as 2.90% in 2015 and 2016.

These projections also include other assumptions related to future events and operations of the System. To the extent future events differ from assumptions, the actual results will differ from these forecasts.

	Projected (000)		
	2014 ⁽¹⁾	2015	2016
Operating Revenues			
Charges for goods and services ⁽²⁾	\$ 117,759	\$ 121,174	\$ 124,688
Revenue Adjustment ⁽³⁾	-	(500)	(1,000)
Other operating revenues	204	210	216
Total Operating Revenues	\$ 117,963	\$ 120,884	\$ 123,904
Operating Expenses			
Operations ⁽⁴⁾	\$ 27,565	\$ 27,823	\$ 28,601
Maintenance	19,880	20,073	20,655
Administration	10,956	11,062	11,383
Taxes	26,500	27,269	28,059
Total Operating Expenses	\$ 84,901	\$ 86,227	\$ 88,698
Operating Income	\$ 33,062	\$ 34,657	\$ 35,206
Non-Operating Revenues & Expenses			
Interest income	\$ 180	\$ 525	\$ 525
Interest expense	(145)	(147)	(151)
Net revenues (expenses) from contract work	(346)	(336)	(346)
LID losses and engineering expenses	(696)	(703)	(723)
Rent and lease income	600	617	635
Other non-operating revenue	74	76	78
Total Non-Operating Revenues (Expenses)	\$ (333)	\$ 32	\$ 18
Income (loss) before contributions and transfers	\$ 32,729	\$ 34,689	35,224
Debt Service Calculation Adjustments			
Income (loss) before contribution and transfers	\$ 32,729	\$ 34,689	\$ 35,224
Plus: County capital contributions ⁽⁵⁾	2,000	2,000	2,000
Plus: General facilities charges	1,500	1,500	1,500
Plus: City utility tax expense	23,585	24,269	24,973
Plus: Interest Expense	145	147	151
Balance Available for Debt Service	\$ 59,959	\$ 62,605	\$ 63,848
Debt Service on the Bonds	-	\$ 13,513	\$ 13,549
Balance Available for Other Purposes	\$ 59,959	\$ 49,092	\$ 50,299
Debt Service Coverage	N/A	4.63x	4.71x

⁽¹⁾ Based on actual results-to-date for 2014, the City expects to exceed the estimated Net Revenues shown for 2014.

⁽²⁾ Includes assumed rate increases of 2.90% in 2015 and 2016, which have not yet been formally adopted by the City Council.

⁽³⁾ Reflects a rate adjustment under consideration by the City to be phased in over three years for customers with the lowest indoor water usage and for multi-family residences.

⁽⁴⁾ Includes a planned approximately \$1 million annual lease payment to the City Parks Department for use of parks property by the System.

⁽⁵⁾ County contributions are available to pay debt service on the Bonds. The amount shown represents an estimated long-term average annual capital contribution. In 2014 through 2016, the City expects County capital contributions will be higher than shown.

Source: City of Spokane.

THE CITY

The City was incorporated in 1881, and operates under State law as a first-class city with a mayor–council form of government. The City provides the full range of municipal services authorized by State law.

City Management and Staff

The City is served by a full-time mayor and seven part-time council members, led by a Council President who is elected at large, and six council members, two each from the City’s three Council Districts. These positions are non-partisan, and all serve four-year terms. The current mayor and council members are:

Member	Position	Term Expires
David A. Condon	Mayor	December 31, 2015
Ben Stuckart	Council President	December 31, 2015
Mike Allen	Council Member	December 31, 2015
Mike Fagan	Council Member	December 31, 2015
Candace Mumm	Council Member	December 31, 2017
Jon Snyder	Council Member	December 31, 2017
Karen Stratton	Council Member	Upon Certification of the November 2015 Election
Amber Waldref	Council Member	December 31, 2017

Theresa Sanders, City Administrator. Ms. Sanders holds the City’s highest appointed position. She serves as the City’s chief operating officer and has held this position since January 2012. Previously, Ms. Sanders served as the Executive Vice President of the Spokane Area Economic Development Council, as Interim Athletic Director for the Spokane Club, and as Economic Development Division Director for the City. Earlier, she spent 12 years with Microsoft Corp, serving in a variety of positions from Senior Product Manager to Business Development Manager to International Marketing Manager.

Gavin Cooley, Chief Financial Officer. Mr. Cooley has been the City’s Chief Financial Officer (CFO) since 2003. Previously, he was the CFO at North Coast Life for 13 years, and also was CFO for R.J. Martin Mortgage Co. Earlier, he was with Coopers & Lybrand in Spokane and Price Waterhouse in Seattle.

Rick Romero, Utilities Division Director. Mr. Romero has been the Utilities Division Director since June 2012; prior to that, he served as the City’s Internal Auditor, beginning in 2008. Before joining the City, Mr. Romero worked for Eastern Washington University (“EWU”) for 28 years, serving as the Associate Vice President for Business Services for the last 10 years of his career at EWU. He holds master’s and bachelor’s degrees in business administration from EWU.

Pamela Dolan, Accounting Director. Ms. Dolan has been the City’s Accounting Director since 2005. She also serves as the acting City Treasurer. Ms. Dolan has worked in the City’s Accounting Department since 1994. Previously, she worked in public accounting, in the private sector, and at Washington State University. She holds a bachelor’s degree in business administration with a public accounting major from Gonzaga University.

Labor Relations

The City currently employs 1,932 full-time and 663 part-time/seasonal employees. The majority of City employees who are eligible under State law to be represented by a labor organization are employed under provisions of negotiated contracts with eight bargaining units, listed below. The City strives to complete agreements with all groups in a timely manner, consistent with all applicable State law and to promote labor relation policies mutually beneficial to management and employees.

Bargaining Unit	Number of Employees	Contract Expiration
Local 270, American Federation of State, County & Municipal Employees (AFSCME)	1,213	December 31, 2015
Spokane Managerial & Professional Association	258	December 31, 2014
Local 29, International Association of Firefighters (IAFF)	272	December 31, 2015
Spokane Association of Fire Officers	13	December 31, 2015
Spokane Police Guild	269	December 31, 2016
Police Lieutenants & Captains Association	21	December 31, 2016
Spokane City Prosecutors Association	9	December 31, 2015
Local 270-Library	64	December 31, 2015

Source: City of Spokane.

Pension Funding

The City's employees participate in one of four retirement and pension plans:

Spokane Employees' Retirement System. All permanent employees of the City are eligible to belong to the Spokane Employees' Retirement System ("SERS"), with the exception of police and firefighters who are members of the State Law Enforcement Officers and Firefighters Retirement System ("LEOFF"). SERS is a single-employer defined pension plan covering employees of the City. SERS is a separate legal entity from the City, but the City is financially accountable for SERS. At December 31, 2013, there were 1,180 retirees and beneficiaries receiving benefits; 98 vested terminated employees entitled to future benefits; and 1,422 active members of SERS. Currently, member contributions are 8.25% of basic compensation, with the City matching the employee contribution. Contributions from employees and the City totaled \$13.4 million in 2013. At December 31, 2013, 68.7% of the System's Actuarial Accrued Liability ("AAL") was funded and 31.3% (\$119.4 million) was unfunded. A summary of funding details for SERS is below:

SERS Funding Status (\$000)

	2011	2012	2013
Actuarial value of plan assets	\$241,611	\$241,425	\$261,605
Actuarial accrued liability (AAL)	351,318	364,716	381,039
Unfunded actuarial accrued liability (UAAL)	109,707	123,291	119,434
Funded ratio	68.80%	66.20%	68.70%
Covered Payroll	90,264	89,105	87,337
UAAL as a % of covered payroll	121.50%	138.40%	136.80%
Annual Pension Cost (APC)	10,337	8,734	8,687
Percent of APC contributed	65.80%	79.40%	77.30%
Net Pension Obligation	\$ 17,525	\$ 19,322	\$ 21,293

Source: City of Spokane.

Spokane Firefighters' Pension Fund and Police Relief and Pension Fund. The Spokane Firefighters' Pension Fund and Police Relief and Pension Fund (the "Funds") are single-employer defined pension funds established and administered by the City. The Funds provide retirement benefits to all firefighters and uniformed police who were hired prior to the creation of LEOFF on March 1, 1970. The Funds also provide limited benefits to those who were hired after that date and up to September 20, 1977 and are mainly covered by LEOFF. Firefighters and uniformed police hired after October 1, 1977, are not covered by the Funds. The major sources of funding for the Firefighters' Pension Fund are property tax collections, investment earnings, and the State fire insurance premium tax. The Police Relief and Pension Fund is funded primarily by local retail sales and use tax collections. At December 31, 2013, 49% of the Spokane Firefighters Pension Fund's AAL was funded and 51% (\$13.2 million) was unfunded, and 6% of the Police Relief and Pension Fund's AAL was funded and 94% (\$9.9 million) was unfunded.

LEOFF Plans I and II. LEOFF is a cost-sharing multiple employer retirement system for police officers and firefighters. The LEOFF system includes two defined benefit pension plans. Participants joining LEOFF prior to September 30, 1977, are Plan I members. Those joining thereafter are enrolled in Plan II. Retirement benefits are financed from employee and employer contributions, investment earnings and State contributions. Retirement benefits in both plans are vested after five years of service. The City's required contribution for the year ended December 31, 2013, was \$1,304 for Plan I and \$2,740,733 for Plan II, and the City made the required contribution.

For additional information, see Appendix C – "2013 AUDITED FINANCIAL STATEMENTS," footnote 5, and Required Supplementary Information.

Contribution Rates
Expressed as Percentage of Covered Payroll
(As of September 1, 2014)

	Spokane Employees Retirement System	LEOFF	
		Plan 1	Plan 2
Employee	8.25%	0.00%	8.41%
Employer	8.25%	0.18%	5.23%
State	N/A	0.00%	3.36%

Source: Washington State Department of Retirement Systems and Office of the State Actuary

Any unfunded pension benefit obligations could be reflected in future years as higher contribution rates.

History of Employer Contribution Rates, 2009 – 2013
(showing rates in effect as of September 1)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
SERS	7.75%	7.75%	7.75%	7.75%	7.75%
LEOFF ⁽¹⁾					
Plan 1	0.16%	0.16%	0.16%	0.16%	0.18%
Plan 2	5.24%	5.24%	5.24%	5.24%	5.23%

⁽¹⁾ Includes a 0.16% administration fee.

Source: Washington State Department of Retirement Systems, Office of the State Actuary, and the City

Actuarial reports (which are not incorporated into this Official Statement by reference) for the Spokane Employees Retirement System (SERS) include information regarding the values and funding levels of the plan. Reports may be obtained by contacting the City of Spokane Retirement Department, City Hall, 808 W. Spokane Falls Blvd, Suite 604, Spokane, Washington, 99201, or by calling (509) 625-6330. As of the December 31, 2013, actuarial valuation, the Spokane Employees Retirement System has an unfunded actuarial accrued liability of \$119.4 million. Key assumptions used by the Actuary in calculating the unfunded liability include: an actuarial cost method of entry age normal; a 7.50% annual rate of investment return; annual general salary increases of 0% to 10% for employees; and 3.00% annual increases in the Consumer Price Index (Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA – All Items). Additional detail is available in the actuarial reports.

The State Actuary's website (which is not incorporated into this Official Statement by reference) includes information regarding the values and funding levels of the LEOFF retirement plans. As of the June 30, 2011, actuarial valuation by the Office of the State Actuary, LEOFF (Plans 1 and 2) has no unfunded actuarial accrued liability. Key assumptions used by the State Actuary in calculating the unfunded liability include: an annual growth in membership of 1.25% for LEOFF; a 7.90% annual rate of investment return; annual general salary increases of 3.75% for LEOFF employees; and 3.00% annual increases in the Consumer Price Index (Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA – All Items). Additional detail is available on the State Actuary's website.

Other Post-Employment Benefits

In addition to pensions, many State and local governmental employers provide other post-employment benefits (“OPEB”) as a part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment health care as well as other forms of post-employment benefits when provided separately from a pension plan. The Governmental Accounting Standards Board (“GASB”) standard provides for the measurement, recognition and display of OPEB expenses/expenditures, related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports.

The City provides certain medical and disability benefits to retired firefighters and police officers who were hired prior to 1978 as required by RCW 41.26.150. Entry into this system is now closed.

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the City’s annual OPEB cost for 2013, the amount actually contributed to the plan, and changes in the City’s net OPEB costs for the fiscal year ending December 31, 2013.

Annual Required Contribution and Net OPEB Obligation Calculations

	Fiscal Year Ending 12/31/2013	Fiscal Year Ending 12/31/2012	Fiscal Year Ending 12/31/2011
Determination of Annual Required Contribution:			
Normal Cost, beginning of year	\$ 137,581	\$ 343,984	\$ 343,984
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	7,362,222	10,122,116	10,122,116
Interest for year	<u>257,464</u>	<u>466,799</u>	<u>466,799</u>
Annual Required Contribution	<u>7,757,267</u>	<u>10,932,899</u>	<u>10,932,899</u>
Determination of Net OPEB Obligation:			
Annual Required Contribution	7,757,267	10,932,899	10,932,899
Interest on prior year Net OPEB Obligation	315,814	307,201	187,987
Adjustment to ARC	<u>(603,495)</u>	<u>(472,298)</u>	<u>(282,737)</u>
Annual OPEB Cost	7,469,586	10,767,802	10,838,149
Contributions made	<u>5,873,115</u>	<u>7,909,826</u>	<u>7,868,673</u>
Increase in Net OPEB Obligation	1,596,471	2,857,976	2,969,476
Net OPEB Obligation-beginning of year	<u>10,527,125</u>	<u>7,669,149</u>	<u>4,699,673</u>
Net OPEB Obligation-end of year	<u>\$12,123,596</u>	<u>\$10,527,125</u>	<u>\$ 7,699,149</u>

The City’s annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for the past three years were as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost</u>	<u>Net Obligation</u>	<u>% Funded</u>
12/31/2013	\$ 7,469,586	79%	\$1,596,471	78.6%
12/31/2012	\$10,767,802	73%	\$2,857,976	73.5
12/31/2011	\$10,838,149	73%	\$2,969,476	72.6

Source: City of Spokane.

See Appendix C, footnote 6 for more information on the City’s OPEB obligations.

Risk Management

The City is self-insured for Unemployment Insurance, Workers' Compensation, General Liability, and Medical/Dental benefits. In addition, the City carries Property, Excess Liability and Excess Workers' Compensation insurance coverage.

For the year ended December 31, 2013, the estimated claims liability was \$6,811,000 for the Risk Management Fund and \$8,561,000 for the Workers' Compensation Fund. The Employee Benefits Fund reported claims of \$18,393,139 for the same period.

Accounting Practices

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units and are regulated by the State Auditor's Office. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is followed in all governmental funds, expendable trust, and agency funds.

Budgetary Policies

The City budgets its funds in accordance with chapter 35A.33 RCW. Transfers or revisions within funds are allowed, but only the City Council, via ordinance, has the authority to increase or decrease a given fund's budget. Annual budgets are adopted at the fund level. Any unexpended appropriations lapse at the end of the fiscal year. Debt service for limited tax general obligations is budgeted within the General Fund.

Auditing of City Finances

Accounting systems and budgetary controls are prescribed by the Office of the State Auditor in accordance with RCW 43.09.200 and RCW 43.09.230. State statutes require audits for cities of the City's size to be conducted by the Office of the State Auditor. The City complies with the systems and controls prescribed by the Office of the State Auditor and establishes procedures and records which reasonably assure safeguarding of assets and the reliability of financial reporting.

The State Auditor is required to examine the affairs of cities at least once every two years. The City is audited annually. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the finance department of the City. The City's audited financial statements for the year ended December 31, 2013 are attached as Appendix C.

Authorized Investments

Chapter 39.59 RCW limits the investment of public funds to the following authorized investments: bonds of the State and any local government in the State, which bonds are rated at the time of investment in one of the three highest credit ratings by a nationally recognized rating agency; general obligation bonds of other states and subdivisions thereof so long as those bonds are rated in one of the three highest categories; registered warrants of a local government within the same county as the entity making the investment; and any investment authorized by law for the treasurer of the State or any local government. Public funds may not be invested in certificates of deposit of banks or bank branches not located in the State. Under chapter 43.84 RCW, the State Treasurer may invest in non-negotiable certificates of deposit in designated qualified public depositories; in obligations of the U.S. government, its agencies and wholly owned corporations; in bankers' acceptances; in commercial paper; in repurchase agreements; in the obligations of the federal home loan bank, Federal National Mortgage Association and other government corporations subject to statutory provisions. Utility revenue bonds and warrants of any city and bonds or warrants of a local improvement district are also eligible investments (RCW 35.39.030).

Spokane Investment Pool

The City Treasurer's Office administers the Spokane Investment Pool (the "SIP"), an approximately \$300 million fund that invests money on behalf of all of the various funds of the City. In its management of the SIP, the Treasurer adheres, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of

principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) the goal of attaining a sufficient benchmark rate of return throughout budgetary and economic cycles within the constraints of the first two goals. Historically, the SIP has had sufficient liquidity to meet all cash flow demands. Currently, SIP has duration until maturity of 4.8 years.

The SIP, authorized by Spokane Municipal Code section 07.15.020, is a pool made up of the various funds within the City, and provides its participants the opportunity to benefit from the economies of scale and professional investment management inherent in pooling. It is also intended to provide the participants the ability to achieve a higher investment yield than would otherwise be available if investments were being managed on an individual fund basis. The SIP is a managed investment portfolio that matches maturities of investments to anticipated cash needs of the City and has an average duration of approximately 5.2 years. Permissible investments include U.S. government and agency securities, Washington State Treasurer's Local Government Investment Pool, certificates of deposit issued by qualified depositories under State law, bankers' acceptances, repurchase agreements, general obligation bonds of any state or local government, bonds of the City, City bonds or warrants of a local improvement district, which are within the protection of the local improvement guaranty fund, and commercial paper.

As of December 31, 2013, the City's deposits and investments were as follows:

Deposits	\$ \$62,237,560
SIP	205,142,119
Total	<u>\$ 268,379,679</u>

The City's deposits and investments include the System's \$84,667,908 of Cash and Cash Equivalents and equity in pooled accounts.

Authorized Investments for Bond Proceeds. In addition to the eligible investments discussed above, bond proceeds may also be invested in mutual funds with portfolios consisting of U.S. government and guaranteed agency securities with average maturities of less than four years; municipal securities rated in one of the four highest categories; and money market funds consisting of the same, so long as municipal securities held in the fund(s) are in one of the two highest rating categories. Bond proceeds may also be invested in shares of money market funds with portfolios of securities otherwise authorized by law for investment by local governments (RCW 39.59.030).

GENERAL AND ECONOMIC INFORMATION

The City is located on the banks of the Spokane River about 20 miles west of the Idaho border and about 232 miles east of the City of Seattle.

Historical Population

As of April 1, 2014, the City had an estimated population of 212,300 and is the second most populous city in the State. Historical population statistics for the City, County and the city of Spokane Valley, the second largest city in the County, are shown below.

Historical Population			
Year	Spokane County ⁽¹⁾	Spokane	Spokane Valley
2014	484,500	212,300	92,050
2013	480,000	211,300	91,490
2012	475,600	210,000	90,550
2011	472,650	209,100	90,110
2010	471,221	208,916	89,755

⁽¹⁾ Includes the incorporated cities.

Source: Washington State Office of Financial Management.

Economic Overview

The City is the largest city in the County by population and serves as the economic hub and the regional trade center for an area commonly known as the "Inland Northwest," consisting of portions of eastern Washington, eastern Oregon, northern Idaho, western Montana and the southeastern portion of the province of British Columbia, Canada. The estimated population of the

Inland Northwest is approximately 1.7 million. The County's metropolitan area provides higher education and research opportunities, high quality health care facilities, extensive support services for area residents and businesses and a large downtown retail and business core.

The City continues to experience a diversification of its economic base due to the influx and growth of high-technology firms and service industries attracted to the region by the presence of a high-quality work force. The City has the largest concentration of health care facilities in a four-state region and into Canada, with a diversified employment base. The leading employment sectors are wholesale and retail trade, government, educational services and manufacturing.

Transportation. The City and the surrounding area is served by the Spokane International Airport at Geiger Field. The City is intersected by Interstate 90 ("I-90"), which runs east-west cross-country from Seattle to Boston. U.S. Routes 2 and 395 extend north and south, respectively, from I-90. A multi-lane, limited access highway, called the North Spokane Corridor, is being built in phases by the State. When completed, the highway will connect I-90 to U.S. 2 and 395 north of the City. The City has an Amtrak station, with routes going toward Seattle and ultimately Portland, Oregon, to the west and south, and to Chicago's Union Station to the east. The Spokane Transit Authority provides local bus service.

Central Business District. Downtown Spokane is a focal point for the Inland Northwest region, serving as its center of finance, business, entertainment, retail, culture, recreation, medical services, and education. More than 25,000 people, or 13% of the County's workforce, work downtown every weekday. More than 2,300 businesses operate downtown, and about 47% of the Spokane metropolitan statistical area (MSA) leasable office inventory is in downtown. Since 1999, more than \$4 billion has been privately and publicly invested in more than 800 construction, renovation, development, and infrastructure projects downtown. Currently, construction is under way on a 90,000-square-foot, \$65 million expansion of the City's publicly owned convention facilities and a new private 720-room, \$50 million hotel.

Health Sciences. The City is a hub for comprehensive health care services, medical research and education, and development of new leading-edge medical products and technology. The health service industry in the Spokane MSA employs approximately 34,000 people, including some 900 physicians, and serves residents of the Inland Northwest that includes eastern Washington, northern Idaho, western Montana, eastern Oregon, and portions of Canada. In addition to traditional medical services, the area's hospitals provide treatment in the medical specialty fields of heart surgery, cancer and kidney treatment, radiation, chemotherapy, eye surgery and resonance imaging. Facilities in the area also specialize in treatment of developmentally disabled persons and children with orthopedic correction needs. The Spokane Heart Institute is a fully licensed heart transplant and research facility. The City's hospitals and medical facilities include Sacred Heart Medical Center, Deaconess Medical Center, Empire Health Consolidated Services, Valley Hospital and Medical Center, Deaconess Rehabilitation Institute and Family Home Care, 1st Care Med Centers Hospital, Holy Family Hospital, and Rockwood Clinic.

Educational Facilities. Facilities for higher education located in the City include Spokane and Spokane Falls community colleges, Gonzaga University, Whitworth University, a branch of Eastern Washington University, a branch of Washington State University, and programs of the University of Washington. All of these schools have a presence in the City's Riverpoint Campus in the 770-acre University District, on the east end of downtown. More than 11,000 students attend classes in the district, and work is under way to finalize a four-year medical school there. The district also includes business incubation space and wet and dry laboratory space, as well as retail services and other businesses.

Manufacturing. The Spokane MSA has more than 500 manufacturing businesses which employ over 15,000 people. Representative industries include aluminum casting, metal products for the semiconductor industry, pharmaceutical products and other devices for the medical industry, and structural and other metal products. Additionally, the aerospace industry is well-represented in the City, with more than 80 manufacturers and 1,500 workers in this sector.

Fairchild Air Force Base. Fairchild is the largest employer in the County. The base has an annual economic impact of nearly \$427 million and is responsible for 7% of the total gross regional product in the Spokane metropolitan statistical area. Partly as a result of the base's presence, the Spokane MSA is home to some 17,000 military pensioners. The community is committed to protecting the base and its future in Spokane. In 2014, the community won the Abilene Trophy, an annual award presented by the Abilene, Texas, Chamber of Commerce and the United States Air Mobility Command to recognize community support for its base. This is the third time the Spokane-area community has won this prestigious award.

Following are economic indicators for the City, the County and the State.

**Spokane County and State of Washington
Personal and Per Capita Income⁽¹⁾**

<u>Year</u>	<u>Spokane County</u>		<u>State of Washington</u>	
	<u>Personal Income (\$000)</u>	<u>Per Capita Income</u>	<u>Personal Income (\$000)</u>	<u>Per Capita Income</u>
2012	\$17,912,986	\$37,653	\$313,212,035	\$45,413
2011	17,027,067	36,536	299,685,263	43,878
2010	16,329,075	35,220	283,367,864	42,024
2009	16,131,717	35,186	276,727,871	41,504
2008	16,569,471	36,069	289,433,693	44,106

⁽¹⁾ 2012 reflects the latest year available.

Source: U.S Bureau of Economic Analysis.

Taxable Retail Sales

<u>Year</u>	<u>Spokane County⁽¹⁾</u>	<u>City of Spokane</u>
2013	\$7,561,668,826	\$4,103,528,002
2012	7,122,104,043	3,880,296,199
2011	7,006,378,465	3,630,930,644
2010	6,755,693,011	3,674,779,611
2009	6,834,241,691	3,715,784,226

⁽¹⁾ Includes incorporated and unincorporated Spokane County.

Source: Washington Department of Revenue.

The major private and public employers in the County are shown on the following table:

Spokane County Top Ten Employers as of November 1, 2013

<u>Employer</u>	<u>No. of Employees</u>
92 nd Air Refueling Wing, Fairchild Air Force Base	4,392 ⁽¹⁾
State of Washington	4,165 ⁽²⁾
Providence Health Services (incl. Sacred Heart Medical Center, Holy Family Hospital, Providence Health Care)	3,715
Spokane Public Schools	3,049
City of Spokane	1,956
Spokane County	1,935
Central Valley School District	1,427
Wal-Mart Stores	1,393
URM Stores Inc.	1,332
Rockwood Clinic PS	1,306

⁽¹⁾ Includes 1,000 Air National Guard personnel and 500 civilians employed at Fairchild Air Force Base and excludes an indeterminate number of Air Force Reserve personnel.

⁽²⁾ Headcount. State figures include Department of Corrections, Department of Transportation, Department of Social and Health Services, Department of Veterans Affairs, Employment Security Department and various other departments.

Source: Journal of Business 2014 Book of Lists.

Following are employment and economic indicators for the County.

**Labor Force and Employment Data ⁽¹⁾
Spokane MSA**

	Sept.	Annual Average				
Spokane County	2014 ⁽²⁾	2013	2012	2011	2010	2009
Civilian Labor Force	220,590	225,190	229,700	229,380	234,860	237,790
Employment	207,920	207,450	209,900	207,950	211,670	215,910
Unemployment	12,670	17,730	19,800	21,430	23,180	21,890
Unemployment Rate	5.7%	7.9%	8.6%	9.3%	9.9%	9.2%
Washington State						
Civilian Labor Force	3,479,250	3,461,120	3,484,730	3,473,090	3,515,190	3,523,510
Employment	3,291,590	3,218,410	3,203,430	3,153,910	3,166,680	3,194,260
Unemployment	187,660	242,710	281,300	319,180	348,510	329,250
Unemployment Rate	5.4%	7.0%	8.1%	9.2%	9.9%	9.3%

⁽¹⁾ Not seasonally adjusted.

⁽²⁾ Preliminary.

Source: Washington State Department of Employment Security.

**Nonagricultural Wage and Salary Employment (Not Seasonally Adjusted)
Spokane MSA (in 000s)**

	Sept.	Annual Averages				
NAICS Industry Title	2014 ⁽¹⁾	2013	2012	2011	2010	2009
Mining, Logging, and Construction	11.3	10.0	9.6	9.4	9.8	11.6
Manufacturing	15.8	15.2	15.0	14.8	14.5	15.2
Trade, Transportation and Utilities	42.3	42.1	41.1	40.4	40.4	41.2
Information	2.9	2.9	2.9	2.8	2.8	2.8
Financial Activities	13.4	12.9	12.6	12.3	12.1	12.4
Professional and Business Services	23.3	23.3	22.8	21.9	21.1	21.2
Education and Health Services	46.2	44.5	43.7	43.9	44.0	43.6
Leisure and Hospitality	20.5	19.4	19.0	18.9	18.7	19.2
Other Services	9.2	9.1	9.2	9.2	9.1	9.2
Government	33.5	35.1	35.1	35.4	35.9	36.0
Total Nonfarm ⁽²⁾	218.4	214.6	211.1	208.9	208.4	212.4

⁽¹⁾ Preliminary.

⁽²⁾ Totals may not add due to rounding.

Source: Washington State Employment Security Department, Labor Market and Economic Analysis Branch.

Economic Indices – Spokane County

		County Building Permits New Construction	
Year	Median Household Income	Number of Permits	Value of Permits
2013	\$49,373 ⁽¹⁾	1,207	\$383,571,225
2012	48,265 ⁽²⁾	910	290,278,950
2011	46,846	799	256,857,476
2010	46,320	986	238,025,492
2009	46,983	863	205,540,978

⁽¹⁾ Estimate.

⁽²⁾ Preliminary estimate.

Sources: U.S. Bureau of Economic Analysis and Washington State Office of Financial Management.

CERTAIN INVESTMENT CONSIDERATIONS

Initiatives and Referendum

Under the State Constitution, the voters of the State have the ability to initiate legislation and require the State Legislature to refer legislation to the voters through the powers of initiative and referendum, respectively. The initiative power in the State may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiatives) and 4% (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the State Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the State Legislature. After two years, the law is subject to amendment or repeal by the State Legislature in the same manner as other laws.

In recent years there has been an increase in the number of initiatives and referenda filed in the State, including initiatives affecting the powers of local jurisdictions. The City cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, whether such initiatives will be approved by the voters or, if challenged, upheld by the courts, or whether the subject or effect of any such measure would be relevant to the owners of the Bonds.

Local Initiative and Referendum. The City has adopted the powers of initiative and referendum for the qualified electors of the City as provided under RCW 35A.11.080 through 35A.11.100. Referendum powers are not applicable to: ordinances initiated by petition; ordinances necessary for immediate preservation of public peace, health, and safety or for the support of City government and its existing public institutions which contain a statement of urgency and are passed by unanimous vote of the Council; ordinances providing for local improvement districts; ordinances appropriating money; ordinances providing for or approving collective bargaining; ordinances providing for the compensation of or working conditions of City employees; and ordinances authorizing or repealing the levy of taxes. From time to time, voters may submit petitions for initiatives and referenda within the City. The City cannot predict when, or if, any such measures would be filed or what the subject or effect of any such potential measure may be.

Limitations on Remedies

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Bond Ordinance are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time consuming to obtain. If the City fails to comply with its covenants under the Bond Ordinance or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds. In addition to the limitations on remedies contained in the Bond Ordinance, the rights and obligations under the Bonds and the Bond Ordinance may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

A municipality such as the City must be specifically authorized under State law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the "Bankruptcy Code"). A creditor, however, cannot bring an involuntarily bankruptcy proceeding against a municipality, including the City. The federal bankruptcy courts have broad discretionary powers under the Bankruptcy Code. Chapter 39.64 RCW, entitled the "Taxing District Relief Act," permits any "taxing district" (defined to include cities) to voluntarily petition for relief under the Bankruptcy Code.

The legal opinion of Bond Counsel regarding the validity of the Bonds will be qualified by reference to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and other similar laws affecting the rights of creditors generally, and by general principles of equity.

LITIGATION CONCERNING THE BONDS AND THE CITY

There is no litigation of any kind now pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued or affecting the ability of the City to pay the principal of or the interest on the Bonds.

TAX MATTERS

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Federal income tax law contains a number of requirements that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Bonds and the facilities financed with proceeds of the Bonds and certain other matters. The City has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the City comply with the above-referenced covenants and, in addition, will rely on representations by the City and its advisors with respect to matters solely within the knowledge of the City and its advisors, respectively, which Bond Counsel has not independently verified. If the City fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include tax issues associated with original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation. From time to time, legislation is proposed that, if enacted, could alter the federal income tax consequences described herein or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of the interest on the Bonds. For example, both President Obama and the Chair of the House Ways and Means Committee have recently proposed legislation that effectively would impose federal income tax on a portion of otherwise tax-exempt interest for certain higher income taxpayers. Bond Counsel makes no prediction as to the likelihood of any portion of either of these proposals being enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the City's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Owners of the Bonds are advised that, if the IRS does audit the Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the City as the taxpayer, and the owners of the Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Premium

An amount equal to the excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on that Bond. A purchaser of a Bond must amortize any premium over that Bond's term using constant yield principles, based on the Bond's yield to maturity. As premium is amortized, the purchaser's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such Bonds.

Qualified Tax-Exempt Obligations

The Bonds are not designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

RATINGS

Moody's Investors Service Inc., New York, New York ("Moody's") and Standard and Poor's Ratings Service, a division of the McGraw Hill Cos., New York, New York ("Standard and Poor's") have assigned their municipal bond ratings of "Aa2" and "AA," respectively, to the Bonds. Each rating reflects only the views of the applicable rating organization and an interpretation of such rating may be obtained only from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such agencies, circumstances so warrant. Any such revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING AND LEGAL

Approval of Bond Counsel

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the approving legal opinion of K&L Gates LLP, Spokane, Washington, Bond Counsel. The form of the opinion of Bond Counsel with respect to the Bonds is attached as Appendix B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds.

Financial Advisor

A. Dashen & Associates has served as financial advisor to the City relative to the preparation of the Bonds for sale, timing of the sale and other factors relating to the Bonds. The financial advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Bonds. A. Dashen & Associates makes no guaranty, warranty or other representation on any matter related to the information contained in the Official Statement. The financial advisor is an independent financial advisory firm and is not engaged in the business of underwriting, marketing, trading or distributing municipal securities.

Underwriting

The Bonds are being purchased by Citigroup Global Markets Inc. (the "Underwriter") at a price of \$200,354,966.85. The Bonds will be re-offered at a price of \$200,936,699.10. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the cover hereof, and such initial offering prices may be changed from time to time, by the Underwriter. After the initial public offering, the public offering prices may be varied from time to time.

Conflicts of Interest

All or a portion of the fees of the Financial Advisor and Bond Counsel are contingent upon the issuance and sale of the Bonds. None of the members of the City Council or other officers of the City has any conflict of interest in the issuance of the Bonds that is prohibited by applicable law.

CONTINUING DISCLOSURE

To meet the requirements of the United States Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (“Rule 15c2-12”), as applicable to a participating underwriter for the Bonds, the City will make the following written undertaking (the “Undertaking”) for the benefit of holders of the Bonds:

1. Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City has undertaken to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:
 - a. Annual financial information and operating data of the type included in the final official statement for the Bonds (“Annual Financial Information”) as described below.
 - b. Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined by the Rule; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
 - c. Timely notice of a failure by the City to provide required annual financial information on or before the date specified below.
2. Type of Annual Financial Information Undertaken to be Provided. In accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”), the City hereby agrees and covenants to provide or cause to be provided the following annual financial information and operating data (collectively, the “Annual Financial Information”:
 - (1) Annual financial statements for the System, which statements may or may not be audited, prepared in accordance with generally accepted accounting principles;
 - (2) Information generally of the type included in this Official Statement for the Bonds under the heading “FINANCIAL INFORMATION – Historical Operating Results” and showing debt service coverage;
 - (3) The principal amount of Parity Bonds; and
 - (4) Number of water and wastewater customers of the System.

Items (2) – (4) shall be required only to the extent that such information is not included in the annual financial statements provided pursuant to (1).

Information and data described in items (1) – (4) above will be provided for each prior fiscal year, commencing with the fiscal year ending December 31, 2014, on or before the last day of the ninth month following the end of such prior

fiscal year (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law and may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

Beneficiaries. The Undertaking will inure to the benefit of the City and any Beneficial Owner of Bonds, and shall not inure to the benefit of or create any rights in any other person.

Termination of Undertaking. The City's obligations under this Undertaking terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking terminate if those provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any Beneficial Owner of a Bond shall be to take such actions as that Beneficial Owner deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

Prior Compliance

On December 22, 2009, Standard and Poor's changed the rating on the City's outstanding general obligation bonds from "AA-" to "AA." The City posted to EMMA a material event notice of the bond rating upgrade on February 19, 2010. The City has entered into prior undertakings under the Rule and believes it is in compliance with its obligations thereunder.

OFFICIAL STATEMENT

Statements in this Official Statement, including matters of opinion whether or not expressly stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the Registered Owners of the Bonds. The information contained in this Official Statement is presented for the guidance of prospective purchasers of the Bonds described herein. The information has been compiled from official sources and, while not guaranteed by the City, is believed to be correct. The preparation and distribution of this Official Statement has been authorized by the City.

The City has authorized the execution and delivery of this Official Statement.

APPENDIX A

THE BOND ORDINANCE

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CITY OF SPOKANE
WATER AND WASTEWATER SYSTEM REVENUE BONDS, 2014

ORDINANCE NO. C-35170

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF WATER AND WASTEWATER SYSTEM REVENUE BONDS OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$210,000,000 FOR THE PURPOSES OF IMPROVING THE HEALTH OF THE SPOKANE RIVER AND PROTECTING THE REGION'S AQUIFER BY ACQUIRING, CONSTRUCTING AND INSTALLING CERTAIN ADDITIONS AND BETTERMENTS TO THE CITY'S WATER AND WASTEWATER SYSTEM; DELEGATING AUTHORITY TO THE DESIGNATED REPRESENTATIVE TO DETERMINE THE MANNER OF SALE OF THE BONDS, APPROVE THE NUMBER OF SERIES, TAX STATUS OF EACH SERIES, AND OTHER TERMS OF THE BONDS UNDER THE CONDITIONS SET FORTH HEREIN; AND DECLARING AN EMERGENCY.

Passed: October 27, 2014

Prepared by:

K&L GATES LLP
Spokane, Washington

CITY OF SPOKANE
ORDINANCE NO. C-35170
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* This table of contents and the cover page are for convenience of reference and are not intended to be a part of this ordinance.

ORDINANCE NO. C-35170

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF WATER AND WASTEWATER SYSTEM REVENUE BONDS OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$210,000,000 FOR THE PURPOSES OF IMPROVING THE HEALTH OF THE SPOKANE RIVER AND PROTECTING THE REGION'S AQUIFER BY ACQUIRING, CONSTRUCTING AND INSTALLING CERTAIN ADDITIONS AND BETTERMENTS TO THE CITY'S WATER AND WASTEWATER SYSTEM; DELEGATING AUTHORITY TO THE DESIGNATED REPRESENTATIVE TO DETERMINE THE MANNER OF SALE OF THE BONDS, APPROVE THE NUMBER OF SERIES, TAX STATUS OF EACH SERIES, AND OTHER TERMS OF THE BONDS UNDER THE CONDITIONS SET FORTH HEREIN; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Spokane, Washington (the "City") now owns and operates a combined system of water supply and distribution and wastewater treatment and disposal (the "System") which is in need of additions, improvements and betterments; and

WHEREAS, the planned additions, improvements and betterments to the System will improve the health of the Spokane River and other surface water bodies by reducing flows of stormwater and wastewater into these water bodies and improve the quality of the effluent discharged from the City's wastewater treatment plant; and

WHEREAS, the Spokane River is one of the regional bodies of water that recharges the Spokane-Rathdrum Prairie aquifer (the "Aquifer") and also receives discharges from the System; and

WHEREAS, the Aquifer provides the sole source of drinking water for the City and more than a half million people in the Spokane region; and

WHEREAS, the planned additions, improvements and betterments to the System will protect the Aquifer by protecting wellhead influence zones, ensuring the integrity of

underground wastewater infrastructure, and employing green infrastructure techniques to treat stormwater runoff; and

WHEREAS, the City is authorized to issue revenue bonds for the purpose of paying the cost of additions, improvements and betterments to the System; and

WHEREAS, to provide funds to pay part of the costs of such improvements, it is deemed necessary and advisable that the City now issue and sell its water and wastewater system revenue bonds (the “Bonds”); and

WHEREAS, the City has no outstanding water and wastewater revenue obligations payable from revenues of the System except for Government Loans; and

WHEREAS, the City Council wishes to delegate authority to the Designated Representative (as hereinafter defined) to approve the number of series, the series designation, the final principal amounts of the bonds, date of the bonds, tax status of each series, denominations, interest rates, payment dates, redemption provisions, and maturity dates of the Bonds to be determined under such terms and conditions as are approved by this ordinance;

WHEREAS, the Bonds authorized herein shall be sold pursuant to a competitive or negotiated sale as herein provided;

NOW, THEREFORE, THE CITY OF SPOKANE, WASHINGTON DOES ORDAIN, as follows:

Section 1. Definitions. As used in this ordinance the following definitions shall apply unless a different meaning clearly appears from the context:

Accreted Value means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the ordinance authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the

interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of discounted principal that has accreted since the date of issue. For Balloon Maturity Bonds, the Accreted Value shall be determined in accordance with the provisions of the ordinance authorizing the issuance of Balloon Maturity Bonds.

Annual Debt Service means, the sum of (1) the interest accruing on all Parity Bonds during any calendar year, assuming that all Parity Bonds are retired as scheduled, plus (2) the principal amount due in that year (including principal due as sinking fund installment payments) allocable to all Parity Bonds then outstanding, minus (3) any federal subsidy legally available and pledged to pay the principal of or interest on Parity Bonds in the year of calculation. Annual Debt Service shall be net of any principal and/or interest funded out of Bond proceeds. Annual Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance. Annual Debt Service shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that the ordinance authorizing their issuance provides that the bond anticipation notes will be funded with the proceeds of Future Parity Bonds.

Approved Bid means the winning bid submitted for a series of the Bonds if such series is sold by Competitive Sale.

Balloon Maturity Bonds means any evidences of indebtedness of the City payable from Revenue of the System which are so designated in the ordinance or resolution pursuant to which such indebtedness is incurred.

Base Period means any consecutive 12-month period selected by the City out of the 36-month period next preceding the date of issuance of an additional series of Future Parity Bonds.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds of a series (including persons holding such Bonds through nominees, depositories or other intermediaries).

Bond Purchase Contract means, if the Bonds of a series shall be sold by Negotiated Sale, the purchase contract relating to such Bonds between the City and the Underwriter providing for the purchase of such Bonds by the Underwriter and setting forth certain terms approved by the Designated Representative as provided in Section 15 of this ordinance.

Bonds mean the City of Spokane, Washington, Water and Wastewater System Revenue Bonds, 2014 with, if applicable, an appropriate series designation, as authorized herein.

Bond Register means the books or records maintained by the Registrar containing the name and mailing address of the owner of each Bond or nominee of such owner and the principal amount and number of Bonds of a series held by each owner or nominee.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds of a series or the date that is five years after the date of issuance of such Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of such Bonds.

Capital Appreciation Bonds means any Future Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Capital Appreciation Bonds. If so provided in the ordinance authorizing

their issuance, Future Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Future Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

Chief Financial Officer means the duly qualified, appointed and acting Chief Financial Officer of the City or any other officer who succeeds to the duties now delegated to that office.

City means the City of Spokane, a municipal corporation and first class charter city duly organized and existing under the laws of the State of Washington and the Charter of the City.

Code means the federal Internal Revenue Code of 1986, as amended, and applicable regulations.

Commission means the United States Securities and Exchange Commission.

Competitive Sale means the process by which the Bonds (or a portion of them) are sold through the public solicitation of bids from underwriting firms.

Consultant means at any time an independent municipal financial consultant or advisor appointed by the City to perform the duties of the Consultant as required by this ordinance. For the purposes of delivering any certificate required by Section 9 hereof and making the calculation required by Section 9 hereof, the term Consultant shall also include any independent public accounting firm or engineer appointed by the City to make such calculation or to provide such certificate.

Continuing Disclosure Agreement means an agreement entered into by the Chief Financial Officer pursuant to Section 17 of this ordinance in order to permit the purchaser of the Bonds of a series to comply with the Rule.

Costs of Maintenance and Operation means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expense with respect to the System, but excludes depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the System, municipal taxes, or payments to the City in lieu of taxes.

Council means the general legislative body of the City as the same shall be duly and regularly constituted from time to time.

Coverage Stabilization Account means the account of that name maintained pursuant to Section 6(c) of this ordinance.

Covered Bonds means the Bonds of a series and those Future Parity Bonds designated in the ordinance authorizing their issuance as Covered Bonds secured by the Reserve Account.

Credit Event means when (a) a Qualified Letter of Credit terminates, (b) the issuer of Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in existence, or (c) a Qualified Letter of Credit or Qualified Insurance no longer meets the requirements established therefor in the definition thereof.

Credit Facility means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee or other financial instrument or any combination of the foregoing, which obligates a third party to make payment or provide funds for the payment of financial obligations of the City. There may be one or more Credit Facilities outstanding at any time.

Debt Service means, for any period of time,

(a) with respect to any outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the ordinance authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value

thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Fixed Rate Bonds, plus (3) all interest payable during such period on any such outstanding Fixed Rate Bonds and with respect to Fixed Rate Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Fixed Rate Bonds on the date specified in the ordinance authorizing such Fixed Rate Bonds; and

(c) with respect to all other series of Parity Bonds, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on a date 30 years or less after the date of issuance (ii) at an interest rate for the Base Period determined as follows: (A) if the Variable Rate Bonds have been Outstanding for at least twelve (12) months, assume that the Parity Bonds bear interest at the higher of the actual rate borne by the Parity Bonds on the date of calculation

or the average rate borne by the Parity Bonds over the twelve (12) months immediately preceding the date of calculation, and (B) if the Parity Bonds have been Outstanding for less than twelve (12) months or are not yet Outstanding, assume that the Parity Bonds bear interest at the higher of the actual rate borne by the Parity Bonds on the date of calculation or (X) if interest on the Parity Bonds is excludable from gross income under the applicable provisions of the Code, the average rate set forth on the Securities Industry and Financial Markets Association Municipal Swap Index over the twelve (12) months immediately preceding the date of calculation, or (Y) if interest is not so excludable, the average rate on Federal Securities with maturities comparable to the rate reset period (iii) to provide for essentially level annual debt service of principal and interest over such period.

Debt Service shall be net of any principal and/or interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance. Debt Service shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that the ordinance authorizing their issuance provides that the bond anticipation notes will be funded with the proceeds of Future Parity Bonds.

Designated Representative means the Chief Financial Officer or the Director of the Utilities Division.

Director of the Utilities Division means the duly qualified, appointed and acting Director of the Utilities Division or any other officer who succeeds to the duties now delegated to that office.

DTC means The Depository Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds of a series pursuant to Section 4 hereof.

Federal Securities means direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

Fitch means Fitch, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, **Fitch** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated Representative.

Fixed Rate Bonds means those Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under an ordinance in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the proceedings authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

Future Parity Bonds means any Parity Bonds which the City may hereafter issue.

Government Loans means the PWTF Loans, State Revolving Fund Loans, and other subordinate lien revenue loans currently outstanding or received by the City in the future from the state of Washington or the United States of America.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW.

Letter of Representations means the blanket issuer letter of representations from the City to DTC.

Maximum Annual Debt Service means, at the time of calculation, the maximum amount of Annual Debt Service in any fiscal year on all outstanding Parity Bonds and/or for all subordinate lien evidences of indebtedness secured by Revenue of the System, as the context requires.

Moody's means Moody's Investors Service, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, ***Moody's*** shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P and Fitch) designated by the Designated Representative.

MSRB means the Municipal Securities Rulemaking Board.

Negotiated Sale means the process by which the Bonds (or a portion of them) are sold by negotiation to one or more underwriting firms selected by the Designated Representative.

Net Proceeds, when used with reference to the Bonds of a series, means the principal amount of such Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds, if any, deposited in the Reserve Account.

Net Revenue means Revenue of the System less Costs of Maintenance and Operation.

Notice of Sale means, if the Bonds shall be sold by Competitive Sale, the notice of bond sale authorized to be given in Section 15 of this ordinance.

Original Issue Discount Bonds means Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the ordinance authorizing their issuance.

Parity Bonds means the Bonds and any water and wastewater system revenue bonds, warrants or other obligations that the City may hereafter issue having a lien upon the Revenue of the System for the payment of the principal thereof and interest thereon equal to the lien upon the Revenue of the System of the Bonds.

Parity Requirement means Net Revenues equal to or greater than 125% of Annual Debt Service for all Parity Bonds computed by deducting from Annual Debt Service the Annual Debt Service for each series or issue of Parity Bonds that is covered by ULID Assessments.

In determining the amount of Annual Debt Service covered by ULID Assessments, Annual Debt Service for each future year is reduced by the dollar amount of ULID Assessments projected to be received during such future year, and the remaining outstanding ULID Assessments are assumed to be paid in the remaining number of annual installments with no prepayments. For purposes of determining whether the Parity Requirement has been met, transfers from the Coverage Stabilization Account shall not be taken into account.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the

rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Projects means the plan of improvements to the System as provided in Section 2 of this ordinance.

PWTF Loans mean the loans from the State of Washington Department of Commerce under the Public Works Trust Fund loan program pursuant to any loan agreements existing as of the effective date of this ordinance or hereafter entered into by the City under the Public Works Trust Fund loan program and payable from the Revenues of the System.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any Qualified Insurer.

Qualified Insurer means an insurance company licensed to conduct business in any state of the United States or a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation is rated one of the two highest Rating Categories by a Rating Agency at the time of issuance.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of registered owners of Parity Bonds, which institution maintains an office, agency or branch in the United States is rated in one of the two highest Rating Categories by any Rating Agency.

Rate Covenant means Net Revenue in each fiscal year at least equal to 125% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest)

on all Parity Bonds, subtracting from scheduled debt service the amount of ULID Assessments collected in such year. Furthermore, in determining compliance with the Rate Covenant, Net Revenues are subject to adjustment to reflect the following: Revenue of the System and Costs of Maintenance and Operation may be adjusted, regardless of then applicable generally accepted accounting principles, for certain items (e.g., to omit unrealized gains or losses in investments) to more fairly reflect the System's annual operating performance. Scheduled debt service shall exclude the payments required to be made with respect to revenue bond anticipation notes to the extent that the proceedings authorizing their issuance provides that the bond anticipation notes will be funded with the proceeds of Future Parity Bonds. For purposes of determining compliance with the Rate Covenant, amounts withdrawn from the Coverage Stabilization Account shall increase Revenue of the System for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Revenue of the System for the period during which they are deposited. Credits to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year.

Rating Agency means Moody's, S&P or Fitch.

Rating Category means the generic rating categories of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Registered Owner means the person in whose name the Bond is registered on the Bond Register. For so long as the Bonds of a series are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

Registrar means the fiscal agency of the State of Washington or such other registrar as may be designated in a certificate by the Designated Representative for the purposes of registering and authenticating the Bonds of a series, maintaining the Bond Register, effecting transfer of ownership of such Bonds, and paying the principal of, premium, if any, and interest on such Bonds.

Reserve Account means the common Reserve Account previously created within the Revenue Bond Fund and maintained pursuant to Section 7(b) of this ordinance.

Reserve Requirement means the dollar amount to be calculated with respect to all Covered Bonds and separately with respect to other Parity Bonds.

(a) With respect to Covered Bonds, the Reserve Requirement, when required to be funded pursuant to Section 7(b) of this ordinance, shall be equal to the least of:

- (1) Maximum Annual Debt Service for Covered Bonds,
- (2) 10% of the initial principal amount of Covered Bonds of each series, and
- (3) 125% of average annual debt service for Covered Bonds;

provided, however, that 10% of the initial principal amount of Covered Bonds of each series may be contributed to the Reserve Account from any series of Covered Bonds.

(b) With respect to other series of Parity Bonds, the Reserve Requirement shall be equal to the amount specified in the ordinance authorizing the issuance of that series of Parity Bonds.

Revenue Bond Fund means the “Water Revenue Bond Fund” previously created in the office of the Treasurer by Section 1 of Ordinance No. C34024 and renamed herein as the “Water-Wastewater Revenue Bond Fund” for the sole purpose of paying and securing the payment of the principal of, premium, if any, and interest on Parity Bonds.

Revenue Fund means the Water and Wastewater Revenue Fund of the City created by Section 1 of Ordinance No. C-34981, and known as the Water-Wastewater Fund and shall include cash accounts therein.

Revenue of the System means all of the earnings and revenues received by the City from the ownership and operation of the System and connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the System; including to the extent of internally approved policies of the City, investment earnings and income from investments of money in the Revenue Fund and the Revenue Bond Fund or from any other investment of Revenues; but excluding government grants, any federal subsidy legally available to pay the principal of or interest on Parity Bonds, proceeds from the sale of System property, City taxes collected by or through the System, principal proceeds of bonds and earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund System obligations (until commingled with other earnings and revenues of the System) or held in a special account for the purpose of paying a rebate to the United States Government under the Code. ***Revenue of the System*** shall also include any federal or state reimbursements of operating expenses to the extent such expenses are included as ***Costs of Maintenance and Operation***; *provided, however*, that Revenue of the System shall not include ULID Assessments.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934.

S&P means Standard & Poor's, a Division of The McGraw Hill Companies, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, ***S&P*** shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's and Fitch) designated by the Designated Representative.

Six Year Capital Facilities Plan means the City-Wide Six Year Capital Improvement Program coordinating the planning, financing and construction of the City's capital facilities adopted pursuant to Spokane Municipal Code chapter 07.17.

State Revolving Fund Loans mean the loans outstanding as of the date of this ordinance or hereafter entered into by the City under the State of Washington Department of Ecology Clean Water State Revolving Fund Loan Program pursuant to chapter 70.145 RCW as part of the state's participation in the federal Clean Water State Revolving Fund established by the Clean Water Act amendments of 1987 and payable from the Revenues of the System.

System means the combined utility of the City's existing water supply and distribution system and the sanitary sewage transmission, treatment and disposal system, inclusive of stormwater, of the City, as they now exist and as they may be added to, improved and extended, for as long as any Parity Bonds are outstanding.

2014 Construction Account means the account named "2014 Water-Wastewater System Improvements Account" for the Projects created within the City's Water and Wastewater Fund.

Tax-Exempt Bonds means the Bonds of a series issued on a federally tax-exempt basis.

ULID means a utility local improvement district of the City.

ULID Assessments means the assessments levied in all ULIDs, the assessments in which are payable into the Revenue Bond Fund, and shall include installments thereof and interest and any penalties thereon.

Underwriter means, the underwriter(s) of the Bonds of a series if such Bonds are sold by Negotiated Sale or the successful bidder(s) submitting the Approved Bid if the Bonds of a series are sold by Competitive Sale.

Rules of Interpretation. In this ordinance, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Projects. The Bonds are being issued to pay the costs of acquiring, constructing and installing certain additions and betterments to and extensions of the City’s System, including improvements identified in its Integrated Clean Water Plan, its Wastewater Six-Year Capital Plan, or its Water System Plan (together, the “Plans”) addressing the needs of the City’s System for managing wastewater and stormwater (the “Projects”). The

Projects that may be paid in part or in full by Bond proceeds that are identified in the Plans include, but are not limited to:

- Construction of a tertiary wastewater treatment filtration system at the City's wastewater treatment plant;
- Construction of a solids digester at the City's wastewater treatment plant;
- Construction of a primary clarifier to add capacity at the City's wastewater treatment plant;
- Addition of underground concrete holding tanks to control overflows during large storms and meet current regulations;
- Green infrastructure projects in sewer basins to manage overflows to the Spokane River;
- Stormwater management from the Cochran Basin on Spokane's North Side; and
- Replacement, addition or improvement of pipes, transmission mains, catch basins, source well stations, well pumps, pumps at booster stations, and other basic infrastructure within the City's collection and treatment systems.

The City shall provide all equipment, connections and appurtenances together with all work as may be incidental and necessary to complete the Projects. The Project facilities shall be integrated into the System as required to provide a fully operational facility.

The City may make such changes in or additions to the Projects or in the construction or design of other facilities of the System as may be found necessary or desirable. Implementation or completion of any specified improvement shall not be required if the Council determines that, due to substantially changed circumstances, it has become advisable or impractical. If the Projects have either been completed, or its completion duly provided for, or their completion found to be impractical, the City may apply the Bond proceeds or any portion thereof to other improvements to the System, as the Council in its discretion shall determine or as approved in the Six Year Capital Facilities Plans. In the event that the proceeds of sale of the Bonds, plus any other moneys of the City legally available, are insufficient to accomplish all of the Projects

provided by this section, the City shall use the available funds for paying the cost of those improvements for which such Bonds were approved, deemed by the Council most necessary and to the best interest of the City.

The City shall acquire by purchase, lease or condemnation, all property, both real and personal, or any interest therein, or rights-of-way and easements that may be found necessary to acquire, construct and install the Projects.

Section 3. Authorization of Bonds and Bond Details.

(a) *Bonds.* For the purpose of paying costs of the Projects, funding the Reserve Requirement and paying the costs of issuance related thereto, the City shall issue in one or more series its water and wastewater system revenue bonds (the “Bonds”).

(b) *Bond Details.* The Bonds shall be designated as the City of Spokane, Washington, Water and Wastewater System Revenue Bonds, 2014, with an appropriate series designation, if applicable, shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall bear interest from their date payable commencing no later than one year following the date of issuance and shall mature on the dates and in the principal amounts as approved by the Designated Representative pursuant to Section 15. The Bonds of a series of any of the maturities may be combined and issued as term bonds, subject to mandatory redemption as provided in the Bond Purchase Contract or the Notice of Sale for such Bonds and the Approved Bid.

The Bonds shall be obligations only of the Revenue Bond Fund and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the City.

Section 4. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies. The City shall cause a bond register to be maintained by the Registrar. So long as any Bonds of a series remain outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration or transfer of such Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Designated Representative upon prior notice to the Registrar and a successor Registrar appointed by the Designated Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Registrar's powers and duties under this ordinance. The Registrar shall be responsible for its representations contained in the Certificate of Authentication of such Bonds.

(b) *Registered Ownership.* The City and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 17 of this ordinance), and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such

payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be

transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Designated Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Bonds, together with a written request of the Designated Representative, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Designated Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Designated Representative determines that it is in the best interest of the beneficial owners of the Bonds of a series that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Designated Representative shall deliver a written request to the Registrar, together with a supply of

definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding Bonds of a series together with a written request of the Designated Representative to the Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.*

The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to

act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds of a series are no longer in fully immobilized form, interest on such Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

Section 5. *Redemption; Purchase of Bonds.*

(a) *Optional or Extraordinary Redemption.* The Bonds of a series shall be subject to optional and/or extraordinary redemption on the dates, at the prices and under the terms set forth

in the Bond Purchase Contract or the Notice of Sale approved by the Designated Representative pursuant to Section 15 of this ordinance.

(b) *Mandatory Redemption.* The Bonds of a series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract or the Approved Bid and as approved by the Designated Representative pursuant to Section 15 of this ordinance.

(c) *Purchase of Bonds for Retirement.* The City further reserves the right to use at any time any surplus Revenue of the System available after providing for the payments required by paragraphs First, through Sixth of Section 6(b) of this ordinance, or other available funds, to purchase any of the Bonds that are offered to the City at any price deemed appropriate by the City. Any purchase of Bonds may be made with or without tender of Bonds and at either public or private sale.

(d) *Effect of Purchase.* To the extent that the City shall have purchased any term bonds or Balloon Maturity Bonds since the last scheduled mandatory redemption of such term bonds, the City may reduce the principal amount of the term bonds or Balloon Maturity Bonds to be redeemed in like principal amount. Such reduction may be applied in the year specified by the Designated Representative.

(e) *Selection of Bonds for Redemption.* If Bonds of a series are called for optional redemption, the maturities of Bonds to be redeemed shall be selected by the Designated Representative. If any Bonds to be redeemed (optional or mandatory) then are held in book-entry-only form, the selection of Bonds to be redeemed within a maturity shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds to be redeemed are no longer held in book-entry-only form, the selection of such Bonds to be redeemed shall be made in the following manner. If the City redeems at any one time fewer than

all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds and maturity to be redeemed shall be selected by lot utilizing a random selection process (reasonably determined by the Registrar) in increments of \$5,000. In the case of a Bond of maturity in a denomination greater than \$5,000, the City and Registrar shall treat each Bond of that maturity as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond of that maturity by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal sum thereof a Bond or, at the option of the Registered Owner, Bonds of like maturity and interest rate in any of the denominations herein authorized.

(f) *Notice of Redemption.* Written notice of any redemption of Bonds prior to maturity, which notice may be conditional, shall be given by the Registrar on behalf of the City by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the Registered Owners of Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC, and neither the City nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption prepared and given by the Registrar to Registered Owners of Bonds shall contain the following information: (1) the proposed redemption date, (2) the redemption price, (3) if fewer than all outstanding Bonds of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed, (4) that on the date fixed for redemption the redemption price will become due and payable upon each Bond or portion called for redemption, and that interest shall cease to accrue from the date fixed for redemption (unless the notice of redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of Bonds), (5) that the Bonds are to be surrendered for payment at the principal office of the Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds being redeemed, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any other information deemed necessary by the Registrar to identify the Bonds being redeemed.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(g) *Effect of Redemption.* Unless the City has revoked a notice of redemption (or unless the City provided a conditional notice and the conditions for redemption set forth therein are not satisfied), the City shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all the Bonds to be redeemed. If, and to the extent that, funds have been provided to the Registrar for the redemption of Bonds then such Bonds shall become due and payable on the

date fixed for redemption and interest on such Bond shall cease to accrue from and after such date.

(h) *Amendment of Notice Provisions.* The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Revenue Fund; Priority of Payments from Revenue Fund; Coverage Stabilization Account.

(a) *Revenue Fund.* A special fund of the City known as the “Water-Wastewater Fund” (including subaccounts therein, the “Revenue Fund”) has heretofore been established into which shall be deposited the Revenue of the System as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the City.

(b) *Priority of Payments from the Revenue Fund.* The Revenue of the System deposited in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation;

Second, to make all payments required to be made into the Revenue Bond Fund to pay the interest on any Parity Bonds, including reimbursements to the issuer of a Credit Facility if the Credit Facility secures the payment of interest on Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Third, to make all payments required to be made into the Revenue Bond Fund to pay the principal of any Parity Bonds, including reimbursements to the issuer of a Credit Facility if the

Credit Facility secures the payment of principal of Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Fourth, to make all payments required to be made into any sinking fund account hereafter created to provide for the payment of the principal Balloon Maturity Bonds;

Fifth, to make all payments required to be made into the Reserve Account for Covered Bonds and to any reserve account created in the future for the payment of debt service on Future Parity Bonds;

Sixth, to make all payments required to be made into any revenue debt redemption fund, debt service account, reserve account or sinking fund account created to pay and secure the payment of the principal of and interest on Government Loans and any revenue bonds, or revenue warrants or other revenue obligations of the City having a lien upon the Revenue of the System junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

Seventh, to retire by redemption or purchase on the open market any outstanding water and wastewater system revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, or for any other lawful City purposes.

The City may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds or defeasance funds, to meet the required payments to be made into the Revenue Bond Fund. Money in the Revenue Fund may be invested by the City in any investment that is a legal investment for the City.

(c) *Coverage Stabilization Account.* A Coverage Stabilization Account shall be established within the Revenue Fund at the option of the Designated Representative. The City

hereby determines that the maintenance of a Coverage Stabilization Account will moderate fluctuations in Net Revenues and help to alleviate the need for short-term rate adjustments. Money in the Coverage Stabilization Account will be transferred as determined from time to time by the City. The City may make payments into the Coverage Stabilization Account from the Revenue Fund at any time. Money in the Coverage Stabilization Account may be withdrawn at any time and used for the purpose for which the Revenue of the System may be used. Amounts withdrawn from the Coverage Stabilization Account shall increase Revenue of the System for the period in which they are withdrawn, and amounts deposited in the Coverage Stabilization Account shall reduce Revenue of the System for the period during which they are deposited for purposes of measuring compliance with the Rate Covenant. Credits to or from the Coverage Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Coverage Stabilization Account shall be credited to the Revenue Fund.

Section 7. Payments into Revenue Bond Fund. A special account of the City known as the “Water and Wastewater Fund – Bond Redemption Subaccount” (the “Revenue Bond Fund”) has been created for the sole purpose of paying and securing the payment of Parity Bonds.

(a) *Payments into Revenue Bond Fund.* As long as the Bonds remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Revenue Bond Fund on or before the date due those amounts necessary, together with ULID Assessments deposited and such other money as is on hand and available therefor in the Revenue Bond Fund, to pay the interest or principal and interest next coming due on the Bonds.

As long as the Parity Bonds remain outstanding, the City hereby irrevocably covenants and agrees to pay the ULID Assessments into the Revenue Bond Fund.

Notwithstanding anything in Section 7(d) hereof to the contrary, money in the Revenue Bond Fund may be used to pay any arbitrage rebate, if any, to the extent the rebate is attributable to earnings on money in the Revenue Bond Fund.

(b) *Payments into Reserve Account.* The City hereby agrees that a special account to be known as the “Water-Wastewater Bond Fund Reserve Account” (the “Reserve Account”) shall be maintained for the purpose of securing the payment of the principal of and interest on all Covered Bonds. The Bonds shall be Covered Bonds, secured by the Reserve Account. At the closing and delivery of the Bonds, the City shall not be obligated to fund the Reserve Requirement. If, however, in any fiscal year, Net Revenue is not at least equal to 150% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on all Parity Bonds, subtracting from scheduled debt service the amount of ULID Assessments collected in such year, (allowing for the same adjustments described in the definition of Rate Covenant), the City shall be required to fund the Reserve Requirement within three years. The payments into the Reserve Account may be made from the proceeds of Future Parity Bonds, Revenue of the System, or ULID Assessments (or, at the option of the City, out of any other funds on hand and legally available therefor) in approximately equal additional annual installments so that within three years following the fiscal year in which the foregoing minimum coverage requirement was not met there will have been paid into the Reserve Account an amount that, together with the money already on deposit therein, will be at least equal to the Reserve Requirement. Such annual payments into the Reserve Account shall be made not later than December 20 of each year. Provided, if the City adopts rates and charges or takes such other

action to ensure that the foregoing minimum coverage requirement is met, the City will not be required to maintain a balance in the Reserve Account.

The following provisions of this subsection 7(b) shall become effective only after the City is obligated to fund the Reserve Requirement.

The City covenants and agrees that when the required deposits have been made into the Reserve Account for Covered Bonds, it will at all times maintain therein an amount at least equal to the Reserve Requirement except for withdrawals therefrom authorized hereinafter, at all times for so long as any Covered Bonds remain outstanding. Whenever there is a sufficient amount in the Revenue Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Parity Bonds secured thereby. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on the outstanding Parity Bonds, as long as the money remaining on deposit in the Reserve Account is at least equal to the Reserve Requirement determined with respect to the Covered Bonds then outstanding.

In the event there shall be a deficiency in the Revenue Bond Fund to meet maturing installments of either interest on or principal of and interest on any Covered Bonds, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Cash and investments shall be drawn upon prior to any drawing upon a surety bond. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up out of Revenue of the System or ULID Assessments within one year after making necessary provision for the payments required to be made by subparagraphs First through Fourth, inclusive, of Section 6(b) of this ordinance.

If a Credit Event occurs, the Reserve Requirement shall be satisfied (A) within one year after the occurrence of such Credit Event with other Qualified Insurance or another Qualified Letter of Credit, or (B) within three years (in three approximately equal annual installments) after the occurrence of such Credit Event, out of Revenue of the System or ULID Assessments after making necessary provision for the payments required to be made by subparagraphs First through Fourth, inclusive, of Section 6(b) of this ordinance.

In the event the City issues any Future Parity Bonds that are Covered Bonds, it will include in the ordinance authorizing the issuance of such Future Parity Bonds the covenants set forth in the first paragraph of this subsection 7(b).

Notwithstanding anything in this Section 7 to the contrary, the City may fund the Reserve Requirement, in whole or in part, through a surety bond issued by a Qualified Insurer. The amount payable by the Qualified Insurer under such surety bond shall be credited against the amounts otherwise required to be accumulated and maintained in the Reserve Account.

The Reserve Requirement may be maintained by deposits of cash. As used herein, the term “cash” shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier’s check; and the deposit to the Reserve Account may be satisfied initially by the transfer of qualified investments to such account.

(c) *Priority of Lien of Payments into Revenue Bond Fund.* The amounts so pledged to be paid into the Revenue Bond Fund from the Revenue Fund are hereby declared to be a lien and charge upon the Revenue of the System junior in lien to the Costs of Maintenance and Operation and equal to the lien of the charges upon such Revenue of the System and ULID Assessments that may hereafter be made upon the Revenue of the System and ULID

Assessments to pay and secure the payment of the principal of and interest on any Future Parity Bonds, and prior and superior to all other charges of any kind or nature whatsoever.

(d) *Application and Investment of Money in Revenue Bond Fund.* Money in the Revenue Bond Fund and the Reserve Account shall be invested in any legal investment for City funds. Investments in the Revenue Bond Fund shall mature prior to the date on which such money shall be needed for required interest or principal payments. Investments in any Reserve Account shall mature not later than the last maturity of the Parity Bonds secured thereby.

(e) *Sufficiency of Revenues.* The Council hereby finds and declares that in fixing the amounts to be paid into the Revenue Bond Fund out of the Revenue of the System, it has exercised due regard for the Costs of Maintenance and Operation and has not obligated the City to set aside and pay into such Fund a greater amount of such Revenue than in its judgment will be available over and above the Costs of Maintenance and Operation.

Section 8. Bond Covenants.

(a) *Maintenance and Operation.* The City shall at all times maintain, preserve and keep the properties of the System in good repair, working order and condition and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and the City will at all times operate or cause to be operated said properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *Rate Covenant.* The City will establish, maintain and collect such rates and charges, which shall be fair and nondiscriminatory, for service of its System as will maintain the Rate Covenant for so long as any Parity Bonds are outstanding.

(c) *Maintain Revenue Fund Balance.* After making or providing for the payments from the Revenue Fund as required by Section 6(b) hereof, there shall be maintained in the Revenue Fund sufficient money to enable the City to meet the Costs of Maintenance and Operation of the System on a current basis.

(d) *Sale or Disposition of the System.* The City will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Revenue Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on the then-outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the System unless such facilities are replaced or provision is made for payment into the Revenue Bond Fund of the greatest of the following:

(1) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Revenue Bond Fund and accounts therein) that the Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Revenue for such period; or

(2) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(3) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the facilities

sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the System (to the extent required above) shall be paid into the Revenue Bond Fund.

Notwithstanding any other provision of this subsection (d), the City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation, without making any deposit into the Revenue Bond Fund.

(e) *Liens or Encumbrances.* The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the System or the Revenue of the System, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenue of the System, or any part thereof, or upon any funds in the hands of the City, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(f) *Insurance.* The City will keep the works, plants and facilities comprising the System insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by private corporations operating like properties, or will implement a self-insurance program with reserves adequate, in the judgment of the Council, to protect the City and the holders of Parity Bonds against loss. In the event of any loss or damage, the City

will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance shall be paid into any Reserve Account to the extent that such transfer shall be necessary to make up any deficiency in said Reserve Account and the balance, if any, shall, at the option of the City, be used either for repairs, renewals, replacements, or capital additions to the System, for the redemption of Parity Bonds, or for deposit into the Revenue Bond Fund.

(g) *Books and Accounts.* The City shall keep proper books of account in accordance with any applicable rules and regulations prescribed by the State of Washington. The City shall prepare, and any owner or holder of Parity Bonds may, upon written request, obtain copies of, balance sheets and profit and loss statements showing in reasonable detail the financial condition of the System as of the close of each year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Revenue Bond Fund, and into any and all special funds or accounts created pursuant to the provisions of this ordinance, and the amounts expended for maintenance, renewals, replacements, and capital additions to the System.

(h) *Additions and Improvements.* The City will not expend any of the revenues derived by it from the operation of the System or the proceeds of any indebtedness payable from the Revenue of the System for any extensions, betterments or improvements to the System that are not legally required or economically sound, and that will not properly and advantageously contribute to the conduct of the business of the System in an efficient manner.

(i) *Collection and Application of ULID Assessments.* As long as the Parity Bonds remain outstanding, all ULID Assessments shall be paid into the Revenue Bond Fund and shall be used to pay and secure the payment of the principal of and interest on the Parity Bonds.

Nothing in this ordinance or this section shall be construed to prohibit the City from issuing water, wastewater or water and wastewater system revenue bonds junior in lien to the Bonds and pledging as security for their payment assessments levied in any ULID which may have been specifically created to pay part of the cost of improvements to the System for which those junior lien bonds were specifically issued.

(j) *Collection of Delinquent ULID Assessments.* The City will, on or before April 1 of each calendar year, determine all ULID Assessments or installments thereof that are delinquent and will take all necessary action to enforce payment of such ULID Assessments, including real property foreclosure actions pursuant to applicable law, or its successor statute, if any, against the property owners whose ULID Assessments are delinquent.

(k) *No Free Service.* Unless permitted by law or City policy, the City will not furnish or supply or permit the furnishing or supplying of any commodity, service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation, public or private, so long as any Bonds are outstanding and unpaid.

Section 9. Issuance of Future Parity Bonds.

(a) *Conditions upon the Issuance of Future Parity Bonds.* The City hereby reserves the right to issue Future Parity Bonds, which shall constitute a charge and lien upon the Revenue of the System equal to the lien thereon of the Bonds. Except as provided in subsection (c) below, the City shall not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (*i.e.*, on a parity of lien with Parity Bonds at the time outstanding) unless:

(1) the City shall not have been in default of its Rate Covenant for the immediately preceding fiscal year, without regard to transfers from the Coverage Stabilization Account;

(2) the ordinance authorizing the issuance of such Future Parity Bonds shall include the covenants provided in Section 8(b) hereof; and

(3) there shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(3) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) if the Future Parity Bonds being issued are for the purpose of refunding outstanding Parity Bonds as long as the final maturity is not extended and the Annual Debt Service in any year does not increase by more than \$5,000; or

(2) if the Future Parity Bonds are being issued to pay costs of construction of facilities of the System for which Future Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Future Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the Designated Representative, and there is delivered a Designated Representative's certificate stating that the nature and purpose of such facilities has not materially changed.

(c) *Certificate of the City Without A Consultant.* If required pursuant to the foregoing subsection (a)(3), a certificate may be delivered by the City (executed by the Designated Representative) without a Consultant if Net Revenues for the Base Period (confirmed by an audit) conclusively demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds.

(d) *Certificate of a Consultant.* Unless compliance with the requirements of subsection (a)(3) have been otherwise satisfied (as provided in (b) or (c) above), compliance with the Parity Requirement shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Parity Requirement, the Consultant shall use as a basis the Net Revenues (which may be based upon unaudited financial statements of the City if the audit has not yet been completed) for the Base Period. Such Net Revenues shall be determined by adding the following:

(1) The historical net revenue of the City for the Base Period being issued as determined by a Consultant.

(2) The net revenue derived from those customers of the City that have become customers during such 12-month period or thereafter and prior to the date of such certificate, adjusted to reflect a full year's net revenue from each such customer to the extent such net revenue was not included in (1) above.

(3) The estimated annual net revenue to be derived from any person, firm, association, private or municipal corporation under any executed contract for service, which net revenue was not included in any of the sources of net revenue described in this subsection (d).

(4) The estimated annual net revenue to be derived from the operation of any additions or improvements to or extensions of the City under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Future Parity Bonds being issued, and which net revenue is not otherwise included in any of the sources of net revenue described in this subsection (d).

(5) The estimated annual net revenue to be derived from the operation of any additions and improvements to or extensions of the City being paid for out of the proceeds of sale of such Future Parity Bonds being issued.

In the event the City will not derive any revenue as a result of the construction of the additions, improvements or extensions being made or to be made to the System within the provisions of subparagraphs (4) and (5) immediately above, the estimated normal Costs of Maintenance and Operation (excluding any transfer of money to other funds of the City and license fees, taxes and payments in lieu of taxes payable to the City) of such additions, improvements and extensions shall be deducted from estimated annual net revenue.

The words “historical net revenue” or “net revenue” as used in this subsection (d) shall mean the Revenue or any part or parts thereof less the normal expenses of maintenance and operation of the System or any part or parts thereof, but before depreciation.

Such “historical net revenue” or “net revenue” shall be adjusted to reflect the rates and charges effective on the date of such certificate if there has been any change in such rates and charges during or after such 12-consecutive-month period.

(e) *Junior Liens.* Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations that are a charge upon the Revenue of the System junior or inferior to the payments required by this ordinance to be made out of such Revenue into the

Revenue Bond Fund and accounts therein to pay and secure the payment of any outstanding Parity Bonds.

(f) *Refunding to avoid default.* Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

Section 10. Tax Covenants. With respect to Bonds issued as Tax-Exempt Bonds, the City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Tax-Exempt Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Tax-Exempt Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Tax-Exempt Bonds or any other funds of the City which may be deemed to be proceeds of the Tax-Exempt Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Tax-Exempt Bonds to the initial purchasers thereof, would have caused the Tax-Exempt Bonds as “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Tax-Exempt Bonds.

(b) *Private Person Use Limitation for Tax-Exempt Bonds.* The City covenants that for as long as the Tax-Exempt Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Tax-Exempt Bonds to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Tax-Exempt Bonds are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the Projects financed or refinanced with the proceeds of the Tax-Exempt Bonds or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private

Person Use that is related to the state or local governmental use of the Projects financed or refinanced with the proceeds of the Tax-Exempt Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Tax-Exempt Bonds used for the state or local governmental use portion of the Projects financed or refinanced with the proceeds of the Tax-Exempt Bonds to which the Private Person Use of such portion of the Projects financed or refinanced with the proceeds of the Tax-Exempt Bonds relates. The City further covenants that it will comply with any limitations on the use of the Projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Tax-Exempt Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Tax-Exempt Bonds.

(c) *Designation under Section 265(b) of the Code.* The Designated Representative is authorized to determine whether the Tax-Exempt Bonds may be qualified under Section 265(b) of the Code and to designate the series of the Tax-Exempt Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by financial institutions.

(d) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Tax-Exempt Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City’s bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Tax-Exempt Bonds.

Section 11. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ \$ _____

STATE OF WASHINGTON

CITY OF SPOKANE

WATER AND WASTEWATER SYSTEM REVENUE BOND, 2014 [series designation]

Interest Rate: _____ Maturity Date: _____ CUSIP No. _____

Registered Owner: CEDE & Co.

Principal Amount: _____ AND NO/DOLLARS

THE CITY OF SPOKANE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the “City”), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the City known as the “Water and Wastewater Fund – Bond Redemption Subaccount” (the “Revenue Bond Fund”) the Principal Amount indicated above and to pay interest thereon from the Revenue Bond Fund from _____, 2014, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable on _____, 20__, and semiannually thereafter on the first days of each _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the City to DTC. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the “Registrar”). Capitalized terms used in this bond that are not specifically defined have the meanings given such terms in Ordinance No. C-____ of the City (the “Bond Ordinance”). Reference is made to the Bond Ordinance and any and all modifications and amendments thereto for a description of the nature and extent of the security for the bonds of this issue, the funds or revenues pledged, and the terms and conditions upon which such bonds are issued.

This bond is one of an issue of \$ _____ of bonds of the City of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Ordinance to finance capital improvements to the combined system of water supply and distribution and sewage collection, treatment and disposal of the City (the “System”).

The bonds of this issue are subject to redemption prior to their stated maturity as stated in the [Bond Purchase Contract] [Notice of Sale and Approved Bid] for the Bonds.

The bonds of this issue are not general obligations of the City. The City hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Ordinance.

[The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The bonds of this issue have [not] been designated by the City as “qualified tax-exempt obligations” for investment by financial institutions under Section 265(b) of the Code.] [The City has taken no action to cause the interest on this bond to be exempt from federal income taxation.]

The City does hereby pledge and bind itself to set aside from the Revenue Fund out of the Revenue of the System and to pay into the Revenue Bond Fund and the Reserve Account the various amounts required by the Bond Ordinance to be paid into and maintained in such Fund and account, all within the times provided by the Bond Ordinance. To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from the Revenue Fund out of the Revenue of the System into the Revenue Bond Fund and the account therein shall be a lien and charge thereon equal in rank to the lien and charge upon said revenue of the amounts required to pay and secure the payment of any revenue bonds of the City hereafter issued on a parity with the bonds of this issue and superior to all other liens and charges of any kind or nature except the Costs of Maintenance and Operation of the System.

The City has further bound itself to maintain the System in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for as long as any of the bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenue will be at least equal to the Rate Covenant, as described in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the City of Spokane, Washington has caused this bond to be signed with the facsimile or manual signature of the Mayor, to be attested by the facsimile or manual signature of the City Clerk, and the corporate seal of the City to be reproduced hereon, all as of this ____ day of _____, 2014.

CITY OF SPOKANE, WASHINGTON

By _____
/s/ facsimile or manual
Mayor

(SEAL)

ATTEST:

/s/ facsimile or manual
City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____, 2014

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Water and Wastewater System Revenue Bonds, 2014 [series designation] of the City of Spokane, Washington, dated _____, 2014.

WASHINGTON STATE FISCAL
AGENCY, Registrar

By THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as subcontractor
to The Bank of New York Mellon, fiscal
agent for the State of Washington

By _____
Authorized Signer

Section 12. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City shall be impressed or a facsimile thereof imprinted or otherwise reproduced on the Bonds.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any

purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons who are at the actual date of delivery of such Bond the proper officers of the City although at the original date of such Bond any such person shall not have been such officer of the City.

Section 13. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Revenue Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Revenue Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The Registrar shall provide notice of defeasance of Bonds to Registered Owners and to each party entitled to receive notice in accordance with Section 17 of this ordinance.

Section 14. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Registrar in connection therewith and upon his/her filing with the Designated Representative and the Registrar evidence satisfactory to the Designated Representative and the Registrar, respectively, that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and the Registrar with indemnity satisfactory to the Designated Representative and the Registrar, respectively.

Section 15. Delegation of Authority; Sale of Bonds.

(a) *Delegation of Authority.* The City has determined that it would be in the best interest of the City to delegate to the Designated Representative the authority to approve the manner of sale, the number of series, the series designation, the final principal amounts of the Bonds (within the parameters established herein), date of the Bonds, tax status of each series, interest rates, payment dates, redemption provisions, maturity dates of such Bonds, and other terms and conditions of the Bonds in the manner provided hereafter so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$210,000,000;
- (2) the final maturity of each series of the Bonds does not exceed 21 years; and
- (3) the true interest cost of each series of the Bonds does not exceed 4.00%.

In determining the manner of sale, number of series, the taxable or tax-exempt status of each series, the series designation, the final principal amounts of the Bonds (within the

parameters above), date of the Bonds, interest rates, payment dates, redemption provisions, and maturity dates of such Bonds, the Designated Representative, in consultation with City staff and the City's financial advisor, shall take into account those factors that, in the Designated Representative's judgment, will result in the lowest true interest cost on the applicable series of the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the applicable series of the Bonds.

(b) *Bond Sale.* The Designated Representative is hereby authorized to determine whether the Bonds shall be sold by Negotiated Sale or by a Competitive Sale. Upon the selection of one or more underwriters, the Designated Representative shall negotiate the terms of sale for the Bonds, including the terms described in this section, in a contract of sale (a "Bond Purchase Contract").

If the Bonds are sold by Competitive Sale, the Designated Representative or his designee shall: (a) establish the date of the public sale; (b) establish the criteria by which the successful bidder will be determined; (c) request a good faith deposit from the Successful Bidder; (d) cause notice of the public sale to be given (the "Notice of Sale"); and (e) provide for such other matters pertaining to the public sale as he deems necessary or desirable. The Designated Representative shall cause notice of the public sale to be given and provide for such other matters pertaining to the public sale as she deems necessary or desirable.

Upon the date and time established for the receipt of bids for the Bonds, the Designated Representative or his designee shall open the bids and shall cause the bids to be mathematically verified. The Designated Representative will approve the bid offering to purchase the Bonds at the lowest true interest cost to the City at such price as shall be determined at the time of sale by

the Designated Representative, plus accrued interest to the date of delivery, on all the terms and conditions set out in the applicable Notice of Sale.

All bids submitted for the purchase the Bonds shall be as set forth in the applicable Notice of Sale or otherwise as established by the Designated Representative which will be furnished upon request made to the Designated Representative. Such successful bidder shall, within three hours of the award of the Bonds, make a good faith deposit by federal wire or by a cashier's or certified check, made payable to the order of the City in an amount determined by the Designated Representative. The good faith deposit of the successful bidder shall be security for the performance of its bid and shall be held as liquidated damages in case the successful bidder fails to take up and pay for the applicable series of the Bonds within 45 days if tendered for delivery. All bids submitted shall be opened (but not read publicly) by the City. The City reserves the right to reject any and all bids and to waive any irregularity or informality in any bid.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to accept an Approved Bid in a Competitive Sale and/or execute the final form of a Bond Purchase Contract in a Negotiated Sale, upon his approval of the number of series, the series designation, the final principal amounts of the Bonds (within the parameters established in this section), date of the Bonds, interest rates, payment dates, redemption provisions, and maturity dates of such bonds set forth therein. Following the sale of the Bonds of a series, the Designated Representative shall provide a report to the Council, describing the final terms of such Bonds approved pursuant to the authority delegated in this section.

(b) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the successful bidder thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds. In furtherance of the foregoing, the Designated Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including underwriter's discount, the fees and expenses specified in the Bond Purchase Contract or Notice of Sale, including fees and expenses of underwriter and other retained services, including Bond Counsel, financial advisor, rating agencies, fiscal agency, and other expenses customarily incurred in connection with issuance and sale of bonds.

(c) *Preliminary and Final Official Statements.* The Designated Representative is hereby authorized to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Designated Representative is further authorized to ratify and to approve for purposes of the Rule, on behalf of the City, the Official Statement relating to the issuance and sale of the Bonds and the distribution of the Official Statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

Section 16. Disposition of Bond Proceeds.

(a) *Reserve Account.* The portion of the Bonds, if any, designated by the Designated Representative shall be deposited into the Reserve Account which shall be sufficient to meet the Reserve Requirement.

(b) *2014 Construction Account.* An account shall be established and designated as the "2014 Construction Account" within the Water and Wastewater Fund, into which the balance

of the net proceeds of the Bonds shall be deposited. Money on hand in the 2014 Construction Account shall be used to pay the costs of or reimbursement for the costs of the Projects and costs of issuance of the Bonds. The City hereby declares its official intent to reimburse itself for any expenditures that it makes on the Project prior to issuing the Bonds. The City understands that proceeds of the Bonds may only be used to reimburse expenditures paid no earlier than sixty (60) days prior to the date of the adoption of this ordinance. The City further understands that the use of proceeds of the Bonds to reimburse an expenditure may occur no later than eighteen (18) months after the date of such expenditure.

Money in the 2014 Construction Account shall be invested in such obligations as may now or hereafter be permitted to the City by law and City policies. Any part of the proceeds of the Bonds remaining in the 2014 Construction Account after all costs of the Projects have been paid (including costs of issuance) shall be transferred to the Revenue Bond Fund for the uses and purposes therein provided.

(c) The proceeds of the Bonds are restricted for use solely as stated herein and as such are not eligible appropriations subject to the one percent for arts appropriation pursuant to SMC 7.06.420.

Section 17. Undertaking to Provide Ongoing Disclosure. The Designated Representative is hereby authorized to enter into a written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule (the “Continuing Disclosure Agreement”). The Continuing Disclosure Agreement constitutes the City's written undertaking for the benefit of the owners (including Beneficial Owners) of the Bonds as required by Section (b)(5) of the Rule.

Section 18. Amendments.

(a) The Council from time to time and at any time may pass an ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the City in this ordinance, other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the holders of any Parity Bonds, or to surrender any right or power herein reserved.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance or any ordinance authorizing future Parity Bonds in regard to matters or questions arising under such ordinances as the Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not adversely affect, in any material respect, the interest of the holders of Parity Bonds.

Any such supplemental ordinance may be adopted without the consent of the holders of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) With the consent of the holders of not less than 60% in aggregate principal amount of the Parity Bonds at the time outstanding, the Council may pass an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the

amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each bond so affected; or

(2) Reduce the aforesaid percentage of bondholders required to approve any such supplemental ordinance, without the consent of the holders of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of bondholders under this subsection (b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

For the purpose of consenting to amendments under this Section 18(b) except for amendments that alter the interest rate on any Parity Bonds, the maturity date, interest payment dates, purchase upon tender or redemption of any Parity Bonds, the issuer of a Credit Facility shall be deemed to be the sole Registered Owner of the Parity Bonds that are payable from such Credit Facility and that are then outstanding.

(c) Upon the passage of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and all holders of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Section 19. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall

be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 20. Effective Date. The Council hereby finds and determines that the issuance and sale of the Bonds at this time will benefit the City by allowing the City to take advantage of current interest rates for tax-exempt bonds. In making such finding and determination, the Council has given consideration to the interest that will be payable on the Bonds through the maturity of the Bonds, the costs of issuance of the Bonds and the income that will be earned from investing the portion of the proceeds of the sale of the Bonds until applied to pay Project costs. In order to take advantage of current interest rates, it is essential to accept the Bond Purchase Contract or Approved Bid to purchase the Bonds as quickly as possible. Based upon said facts, an emergency and urgency is declared and found to exist as necessary for the immediate support of City government and its existing public institutions. Based upon said emergency and urgency, this ordinance shall become effective immediately upon its passage.

PASSED by the City Council of the City of Spokane, Washington, at a regular meeting thereof, held on October 27, 2014.

CITY OF SPOKANE
Spokane County, Washington

Ben Stuckart, Council President

ATTEST:

Terri L. Pfister, Clerk

(SEAL)

David A. Condon, Mayor

APPROVED AS TO FORM:

Nancy Isserlis, City Attorney

Laura McAloon, Bond Counsel

CERTIFICATE

I DO HEREBY CERTIFY that I am the duly chosen, qualified and acting Clerk of the City of Spokane, Washington (the “City”), and keeper of the records of the City Council (the “Council”); and

I HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. C- ____ of the City (the “Ordinance”), as finally passed at a regular meeting of the Council held on the 27th day of October, 2014, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ of October, 2014.

City Clerk

APPENDIX B

FORM OF LEGAL OPINION

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December 2, 2014

City of Spokane, Washington

Citigroup Global Markets Inc.
New York, New York

Re: City of Spokane, Washington, Water and Wastewater System Revenue Bonds,
2014 (Green Bonds) - \$181,225,000

Ladies and Gentlemen:

We have acted as bond counsel to the City of Spokane, Washington (the “City”), and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the City of its Water and Wastewater System Revenue Bonds, 2014, in the aggregate principal amount of \$181,225,000 (the “Bonds”) issued pursuant to Ordinance No. C35170 of the City (the “Bond Ordinance”) for the purpose of providing funds for the acquisition, construction and installation of certain additions and betterments to the City’s water and wastewater systems, the improvement of the water quality of the Spokane River, and paying the costs of issuance of the Bonds. Capitalized terms used in this opinion have the meanings given such terms in the Bond Ordinance.

The Bonds are subject to redemption as provided in the Bond Ordinance and Notice of Sale.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Bond Ordinance and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally issued and constitute valid and binding special obligations of the City, both principal thereof and interest thereon being payable solely out of a special fund of the City known as the “Water-Wastewater Revenue Bond Fund” (the “Revenue Bond Fund”), except to the extent that the enforcement of the rights and remedies of such owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The City has irrevocably bound itself to set aside and pay into the Revenue Bond Fund and the Reserve Account, if required, out of the Revenues of the System on hand in the

Revenue Fund of the City, amounts sufficient to pay the principal of and interest on the Bonds prior to the respective dates such payments become due.

3. The City has further pledged that the amounts pledged to be paid into the Revenue Bond Fund from the Revenue Fund are hereby declared to be a lien and charge upon the Revenue of the System junior in lien to the Costs of Maintenance and Operation, equal to the lien of the charges upon such Revenue which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Parity Bonds, and prior and superior to all other charges of any kind or nature whatsoever. The City has reserved the right in the Bond Ordinance to issue Future Parity Bonds.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The City has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, the extent to which interest on the Bonds is included in adjusted current earnings for the purposes of computing the federal alternative minimum tax imposed on certain corporations and various withholding requirements.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L GATES LLP

APPENDIX C

2013 AUDITED FINANCIAL STATEMENTS

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CITY OF SPOKANE
FINANCE DEPARTMENT

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2013

City of Spokane



Report Prepared By:

Finance Department

Gavin Cooley, CFO

Accounting Department

Pamela Dolan, CPA, Director

Kim Bustos, CPA, Chief Accountant

A special thank you to the City's accounting staff for their assistance in compiling this report.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2013

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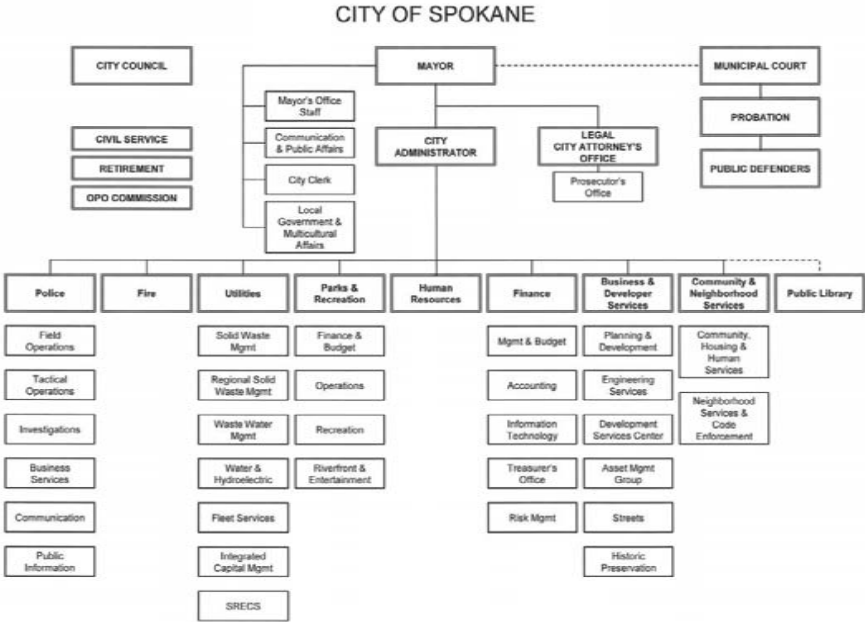
City of Spokane

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City of Spokane

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Introductory Section



City Elected Officials

As of December 31, 2013



Mayor
David Condon



City Council President
Ben Stuckart



Council Member, District 1
Amber Waldref



Council Member, District 1
Mike Fagan



Council Member, District 2
Jon Snyder



Council Member, District 2
Mike Allen



Council Member, District 3
Steve Salvatori



Council Member, District 3
Nancy McLaughlin

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Financial Section

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**Washington State Auditor
Troy Kelley**

INDEPENDENT AUDITOR'S REPORT

September 23, 2014

Mayor and City Council
City of Spokane
Spokane, Washington

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, Spokane County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spokane, Spokane County, Washington, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 28, budgetary comparison information on page 100, pension trust fund information and information on postemployment benefits other than pensions on pages 101 through 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund financial statements on pages 125 through 248 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. The information identified in the table of contents on pages 107 through 124 as the Combining Schedules for General Fund Accounts are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 23, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



TROY KELLEY
STATE AUDITOR

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MD&A

Management's Discussion and Analysis

C-9

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Spokane, Washington (the City)'s annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City as of and for the fiscal year ended December 31, 2013. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$2,268.5 million (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,035.5 million includes property, equipment and infrastructure, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$74.0 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$159.0 million represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported a total ending fund balance of \$142.8 million this year, a decrease of \$7.9 million from the prior year, which is primarily due to a reduction of \$3.8 million in the sale of fixed assets and a net reduction of \$4.1 million in transfers in/out.
- At the end of the current fiscal year, fund balance for the General Fund totaled \$33.9 million, excluding the nonspendable and restricted categories, which is 25% of General Fund expenditures excluding transfers.
- Overall, the City maintained its strong financial position in 2013, and is continuing to maintain a stable financial outlook, despite ongoing budgetary pressures related to the slow economic recovery.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a

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useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by property, sales and utility taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, physical environment, transportation, health and human services, economic environment, and culture and recreation. Business-type activities include the utility services, golf courses, and the building services funds. The internal service funds provide services to other funds within the City and the majority of these activities are reported in governmental activities at the government-wide financial reporting level.

The government-wide financial statements are presented on pages 29-34 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included as "basic financial statements" for the major governmental funds. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements demonstrate compliance with the City's adopted and final revised budget.

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The basic governmental fund financial statements are presented on pages 35-40 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City proprietary funds are classified as either enterprise funds or internal service funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The internal service funds provide services to other funds of the City.

The basic proprietary fund financial statements are presented on pages 41-44 of this report.

Fiduciary funds include three single-employer defined benefit pension plans for City employees as well as various agency funds. The City reports these funds however they are not available for City use. The fund level financial statements for fiduciary funds are presented on pages 45-46 of this report.

Notes To The Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 47 of this report.

Financial Analysis of the City as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year-end is \$2,268.5 million as shown below.

	Governmental Activities		Business-Type Activities		Total	
Summary of Net Position (in thousands)	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	\$ 200,370	\$ 210,729	\$ 163,486	\$ 154,888	\$ 363,856	\$ 365,617
Restricted assets	-	-	10,505	13,533	10,505	13,533
Capital assets	1,549,173	1,554,081	612,316	615,240	2,161,489	2,169,321
Total assets	1,749,543	1,764,809	786,307	783,661	2,535,850	2,548,470
LIABILITIES						
Current liabilities	47,440	49,190	18,048	16,492	65,488	65,683
Long-term liabilities	174,885	185,400	26,911	30,259	201,795	215,640
Total liabilities	222,325	234,590	44,959	46,752	267,284	281,342
NET POSITION						
Net investment in capital assets	1,433,814	1,439,429	601,683	610,788	2,035,497	2,050,217
Restricted	73,990	89,631	-	13,471	73,990	103,102
Unrestricted	19,413	1,159	139,665	112,650	159,079	113,809
Total net position	\$ 1,527,218	\$ 1,530,219	\$ 741,348	\$ 736,909	\$ 2,268,567	\$ 2,267,128

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The City continues to maintain a healthy current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 4.2 and 9.0 for business type activities. For the City overall, the current ratio is 5.5. We consider these ratios to be very strong.

Governmental Activities

Net position decreased \$3.0 million for governmental activities. The net reduction in net position of \$4.1 million is partially offset by a prior period increase of \$1.1 million.

The decrease of \$15.6 million in restricted net position is due to an increase of \$2.4 million for grants and debt and a decrease of \$18.0 million attributable to net losses related to street capital projects. The cumulative effect of the restricted net position decrease plus the changes in net position noted above is an increase in unrestricted net position for governmental activities of \$18.2 million.

Business-Type Activities

Business activities' net position showed an increase of \$4.4 million that is due to the net income of the City's water/sewer fund of \$19.6 million in 2013 less a prior period adjustment of \$15.2 million. See Note 14 for additional information on the City's prior period adjustments.

It should be noted that 94% of the governmental activities' net position is related to the net investment in capital assets (with 70% of the net investment in capital assets being infrastructure). The City uses these capital assets to provide services to its citizens. With business-type activities, the City has committed 81% of its net position on capital (with 75% of the capital assets being infrastructure). Capital assets in the business-type activities provide utility services, but they also generate revenues for these funds. The net investment in capital assets makes up 90% of the City's total net position.

The following page provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total	
Change in Net Position (in thousands)	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues:						
Charges for services	\$ 32,023	\$ 34,766	\$ 195,121	\$ 188,003	227,144	222,769
Operating grants and contributions	16,159	19,280	-	-	16,159	19,280
Capital grants and contributions	7,269	11,297	5,419	7,486	12,688	18,783
General revenues:						
Taxes	177,840	175,271	-	-	177,840	175,271
Interest and investment earnings	2,889	3,308	261	681	3,150	3,990
Net inc (dec) in fair value of investments	(1,417)	629	(1,121)	551	(2,538)	1,180
Total revenues	234,763	244,551	199,681	196,721	434,444	441,272
EXPENSES						
General government	(15,181)	(28,092)	-	-	(15,181)	(28,092)
Judicial	(6,700)	(7,451)	-	-	(6,700)	(7,451)
Public safety	(109,027)	(114,361)	-	-	(109,027)	(114,361)
Utilities environment	-	-	-	-	-	-
Transportation	(48,666)	(42,310)	-	-	(48,666)	(42,310)

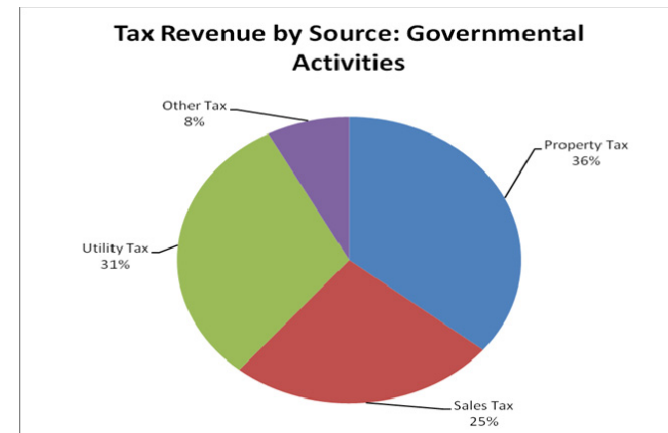
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	Governmental Activities		Business-Type Activities		Total	
Change in Net Position (in thousands)	2013	2012	2013	2012	2013	2012
Economic environment	(22,153)	(20,303)	-	-	(22,153)	(20,303)
Mental and physical health	(118)	(497)	-	-	(118)	(497)
Culture and recreation	(29,133)	(37,314)	-	-	(29,133)	(37,314)
Interest on long-term debt	(7,995)	(8,342)	-	-	(7,995)	(8,342)
Water/Sewer	-	-	(97,160)	(97,360)	(97,160)	(97,360)
Solid Waste	-	-	(74,174)	(73,192)	(74,174)	(73,192)
Other business-type activities	-	-	(8,607)	(6,723)	(8,607)	(6,723)
Total expenses	(238,972)	(258,670)	(179,941)	(177,274)	(418,914)	(435,944)
Excess (deficiency) of revenues over expenses before contributions & transfers	(4,209)	(14,119)	19,740	19,446	15,531	5,328
Transfers	49	17	(49)	(17)	-	-
Increase (decrease) in net position	(4,160)	(14,101)	19,690	19,429	15,531	5,328
Net Position - January 1, as restated	1,531,378	1,544,320	721,658	717,480	2,253,036	2,261,800
Net Position - December 31	\$ 1,527,218	\$ 1,530,219	\$ 741,348	\$ 736,909	\$ 2,268,567	\$ 2,267,128

GOVERNMENTAL REVENUES

The City is heavily reliant on three types of taxes to support governmental operations—more than 75% of the governmental activities revenue is derived from taxes. Charges for services represented 14% of these revenues, grants and contributions represented 10%, and interest earnings made up the remaining 1%.

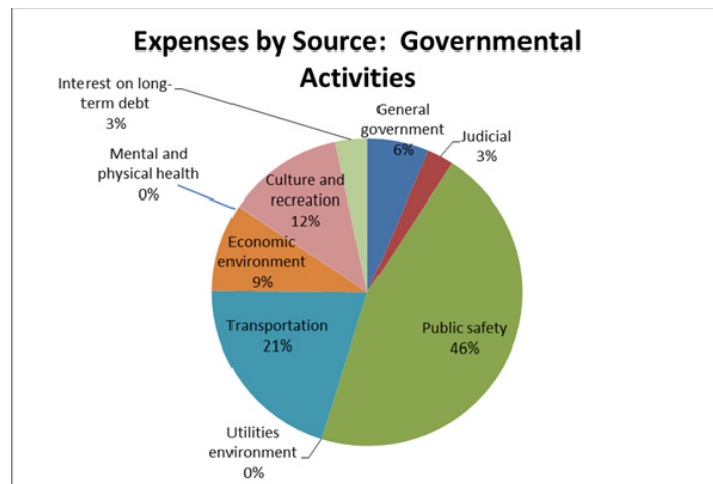
A breakdown of tax revenue is shown below.



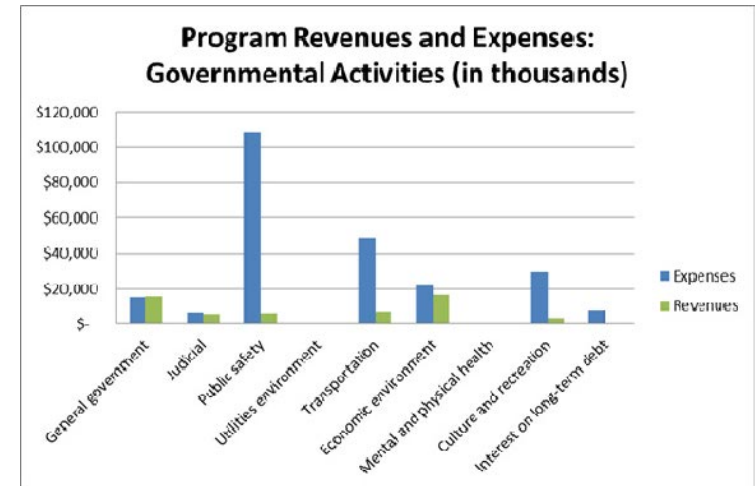
For governmental activities, program revenues cover approximately 23% of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues fund 77% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Public safety continues to be a major priority of the City followed by transportation (streets) and culture and recreation (parks and libraries). At year-end, the allocation by program function is as follows:



The following chart presents the revenues and expenses of each of the City's programs. This net cost illustrates the financial burden that is placed on the City's taxpayers by each of these functions.



Program revenues did not cover the program expenses in any function in 2013. Of the capital contributions of \$7.2 million, \$2.0 million is related to Kendall Yards infrastructure from the Department of Commerce; \$1.2 million is capital contributions in the City's internal service funds, and \$4.0 million is related to streets from the Department of Transportation, the Washington State Department of Transportation, and the Washington Transportation Improvement Board.

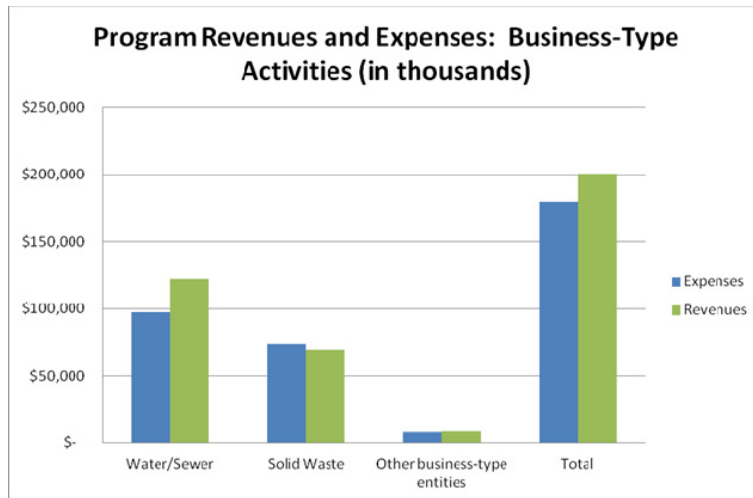
BUSINESS-TYPE ACTIVITIES Revenues vs. Costs

For all enterprise funds, the City reports a current ratio of 6.3 to 1, which is a healthy ratio. The business-type activities report capitalized assets of \$612 million, which provide a variety of services to the citizens of Spokane as well as some populations outside the City limits.

The business-type activities report \$139 million in unrestricted net position, which provide these funds with adequate resources to maintain service levels and invest in future infrastructure requirements.

The operating revenues for the City's four enterprise funds increased by \$8.9 million or 4.87% over the prior year, and operating expenses increased by \$2.5 million or 1.4% over 2012. The result is that operating income increased by \$6.3 million (\$14.6 million in 2013 compared to \$8.3 million in 2012). \$6.2 million of the increase in operating income is the result of increased operating revenue in the Water/Sewer fund due to increased water/sewer revenue and electric sales derived from the City's hydroelectric plant. \$2.4 million of the increase is due to increased permits in the Building Services fund, and \$3 million of the increase is attributable to solid waste revenue.

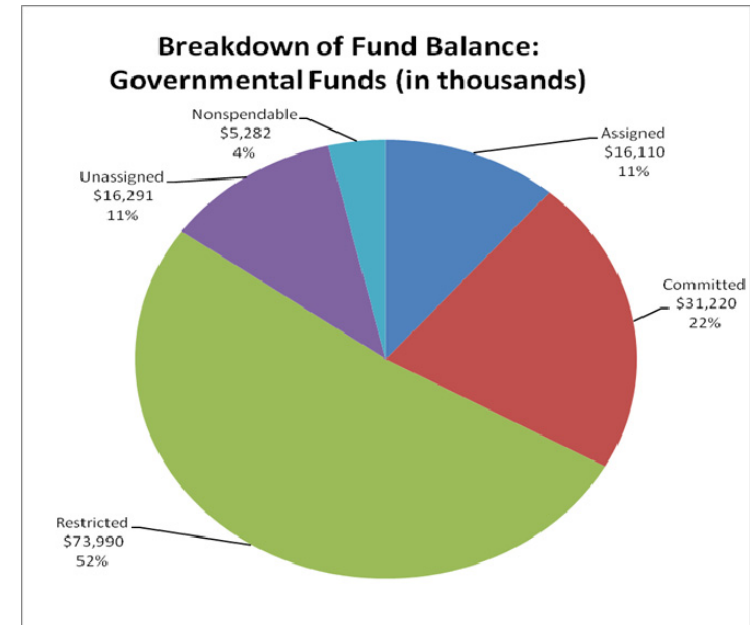
The chart below presents the revenues and expenses of each of the City's business-type activities. This net cost illustrates whether revenues are sufficient to meet current expenses.



Financial Analysis of the City's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of \$142.8 million. Of this total, \$16.1 million is assigned and \$16.2 million is unassigned. This represents approximately 23% of the total fund balance, and this constitutes a fund balance that is accessible to meet the City's needs. The remainder of the governmental funds' fund balance includes \$5.2 million "not in spendable form" for items that are not expected to be converted to near-term cash such as internal loans; \$74.0 million restricted by external parties, including grantors and creditors, and \$31.3 million committed by the City's elected officials for specific purposes.



Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. Pursuant to the implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has combined several special revenue funds with the general fund for financial reporting purposes. A schedule of the funds included in the General Fund information during 2013 is included as a supplemental schedule. The General Fund's fund balance decreased in 2013 by \$2.8 million, which is due to a reduction of the sale of capital assets in 2013.

Committed, assigned and unassigned fund balance in the General Fund was \$33.9 million, which as a percentage of expenditures was 25% of annual operations, compared with 27% at the end of 2012. The General Fund reserves are still considered adequate, and provide the City's management with the ability to effectively manage the economic slowdown and budgetary challenges that are facing many businesses and governments at this time. During the strong economic years in the middle of the previous decade, the City's management and elected officials committed to building a robust reserve to ensure the long-term financial health of the General Fund, and the fund balance at the end of 2013 reflects the results of

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this commitment. The steps taken to achieve this result and how the reserve has been managed during the current economic situation are discussed in the *Budgetary Highlights* section of this analysis.

Taxes totaling \$130.2 million made up 81% of total general fund revenue in 2013, an increase of \$2.4 million or 1.9% over 2012. The increase is attributable to the following:

\$2.0 million	Sales Taxes
\$.4 million	Utility Taxes

Other significant revenue changes were decreases in intergovernmental revenue of \$2.4 million (\$.3 million reduction in grant revenue; \$.4 million reduction in liquor revenues from the State; and a \$1.6 million reduction in revenues from Spokane County related to a multi-year adjustment for cost allocation of the Public Safety building).

Charges for services decreased by \$.9 million in plan development revenues; \$1.3 million decrease in engineering service revenue; a \$.2 million increase in indirect cost revenue; and a \$.6 million increase in LID (local improvement district) revenues.

Misc revenue decreased by \$2.7 million due to a \$1.5 million reduction in interfund lease and rent revenue due to a one-time paydown of the YMCA property in 2012 and a \$1.2 million decrease in interest income. Of the decrease in interest income, \$.8 million is attributable to the change in the fair value of investments (from a net increase of \$.2 million in 2012 to a net decrease of \$.6 million in 2013).

General fund expenditures (excluding transfers) decreased \$2.6 million or approximately 2% over 2012. The City realized a net \$2.8 million decrease in salary/benefits and an overall increase of \$.2 million in all other expense categories. The change in salary/benefits is comprised of the following:

\$2.4 million cost savings in engineering services
 \$1.9 million cost savings due to City reorganizations and the dissolution of City departments during 2013
 \$1.5 million increase in police and fire

The Proprietary Funds

The City reports four primary enterprise funds, two of which are considered major funds. These two funds provide the utility services of water/sewer and solid waste to the citizens of Spokane. The City also maintains nine internal service funds.

The Water/Sewer Fund - The water/sewer fund reports net position of \$616 million, with 85% represented by capital assets. The current ratio for this fund is 8.27, which provides this fund with adequate resources to cover cash flow issues.

The water/sewer system reported operating income of \$19.8 million. The City's management and elected officials are strategically balancing the amount of utility expenses that the citizens of Spokane can afford with the need to maintain service delivery, maintain and improve the utility's infrastructure, and provide for growth. Currently, this involves setting utility rate increases to be consistent with the consumer price index and aggressively managing operating expenses. The aggressive management of operating expenses allows for operating revenues to be directed towards investments in the utility's infrastructure. The sewer system is subject to regulatory requirements that will require significant capital improvements

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over the next several years. Part of the 2013 operating income will be directed towards those regulatory requirements in the coming years.

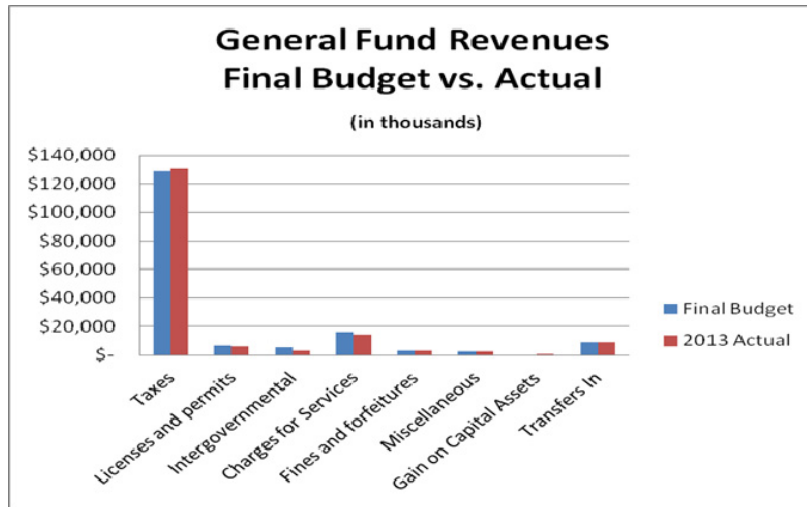
The Solid Waste Fund – The solid waste fund reports net position of \$108 million. The net investment in capital assets (i.e., the book value of the capital assets less related debt) is \$80 million. The current ratio for this fund is 4.3 which provides this fund with adequate resources to cover cash flow requirements. This fund reports \$27.8 million in unrestricted net position.

The solid waste fund reported an operating loss of \$5.7 million. \$1.0 million of the loss is due to an increase in depreciation expense that is consistent with a 5% reduction in depreciable assets. The remainder of the loss is due, in part, to the fact that the rate revenue increases are not sufficient to cover the current operating expenses of the Department.

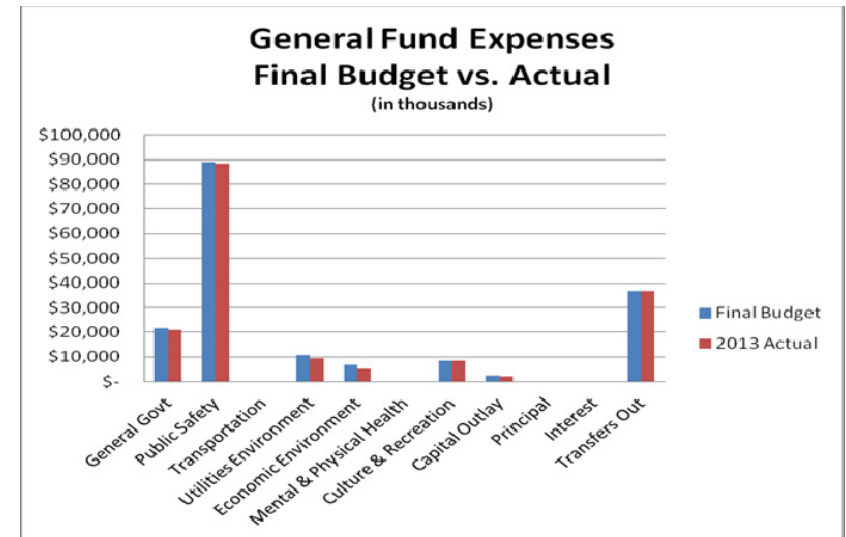
Budgetary Highlights

The General Fund – The General Fund's original revenue budget was \$1.0 million less than the 2012 actual results. The original expenditure budget was \$1.7 million less than the 2012 actual results. For the past several years, the City has strived to develop a budget that limits expenditures to anticipated revenue for the current year. The City Council amended both the revenue and expenditure budgets during 2013; the amendments resulted in less than 1/10th of 1% change between the original and final budget for revenues, and a 2.8% change for expenditures.

On the revenue side of the budget, the final budget exceeded actual revenues by \$3.0 million or less than 1/10th of 1%, although there were differences among the various categories. There was a favorable budget variance in taxes primarily due to higher than expected property and sales taxes of \$3.6 million. This was offset by a reduction of \$2.3 million in internal & external business and utility taxes; an unfavorable variance of \$2.0 million in intergovernmental due to a reduction in grant revenue; a reduction in liquor revenues from the State; a multi-year adjustment for cost allocation of the Public Safety building; and a \$1.4 million unfavorable variance in charges for services due to reorganizations or cost savings within City departments that are offset by eliminated or reduced expenses in those same areas. Overall, this unfavorable variance is offset by favorable budget variances of \$4.7 million in other areas.



The actual expenditures were approximately \$4.7 million less than the final budget, or 3.4% below budget. The largest variances between the final budget and the actual amounts were in the transportation and economic environment and categories. There were also positive budget variances in capital outlays and transfers out categories. Generally, these positive variances related to reduced expenditures across most of the general fund, as the City's management and Council continues to recognize the effects of revenue shortfalls and adjust expenditures accordingly.



As indicated by the budgetary operating statement, the City staff considers the annual budget to be an extremely important document and attempts to include in the budget their best estimate of revenue and expenditures. In 2013, City staff continued to focus on the ongoing structural gap between the rates of growth of revenues versus expenditures in the General Fund, as well as the best way to deal with the ongoing economic reality. The City is also utilizing longer term budgetary projections to help the management and City Council make strategically sound budget decisions.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2013, was \$1,549 million and \$612 million respectively. For 2013, there was no significant increase or decrease in either the governmental or business-type activities. See Note 4 for additional information about changes in capital assets during the fiscal year and amounts outstanding at the end of the year.

The following table provides a summary of capital assets.

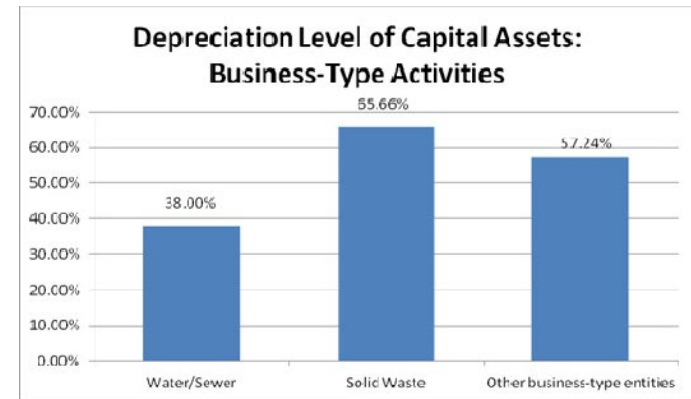
City of Spokane

	Governmental Activities		Business-Type Activities		Total	
Summary of Capital Assets (in thousands)	2013	2012	2013	2012	2013	2012
NON-DEPRECIABLE ASSETS						
Land	\$ 836,406	\$ 832,257	\$ 14,651	\$ 15,031	\$ 851,057	\$ 847,288
Construction in progress	31,824	68,870	59,952	55,261	91,776	124,131
Total non-depreciable assets	868,231	901,127	74,603	70,292	942,834	971,419
DEPRECIABLE ASSETS						
Buildings	87,266	86,648	291,352	288,547	378,618	375,195
Other improvements	81,688	69,084	73,867	64,641	155,555	133,725
Machinery and equipment	96,542	93,307	155,978	144,348	252,520	237,655
Infrastructure	1,000,574	959,261	453,533	458,121	1,454,108	1,417,382
Intangible assets	-	-	114	114	114	114
Total depreciable assets	1,266,070	1,208,299	974,844	955,772	2,240,914	2,164,071
Total cost of capital assets	2,134,300	2,109,427	1,049,448	1,026,064	3,183,748	3,135,490
ACCUMULATED DEPRECIATION	(585,127)	(555,346)	(437,132)	(410,824)	(1,022,259)	(966,170)
Total book value of capital assets	\$ 1,549,173	\$ 1,554,081	\$ 612,316	\$ 615,240	\$ 2,161,489	\$ 2,169,321
Percentage depreciated	46%	46%	45%	43%	46%	45%

At December 31, 2013 and December 31, 2012, the depreciable capital assets for governmental activities were 45%-46% depreciated.

With the City's business-type activities, 43%-45% of the asset values were depreciated at December 31, 2013 and at December 31, 2012. These percentages indicate that the City is maintaining and replacing their assets at a favorable rate. The percentage of depreciated assets for each of the three enterprise funds that report capital assets is as follows:

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Long-term debt

At the end of the fiscal year, the City had long-term debt outstanding of \$165.2 million. Of this amount, \$163.5 million or 92% is backed by the full faith and credit of the City (general obligation bonds) with debt service fully funded by voter-approved property taxes or general government revenue. The other major component of \$11.5 million is supported by pledged revenues generated primarily by the business-type activities of the City (loans from other governments).

During the year, the City retired \$12.6 million or 7.11% of the beginning outstanding borrowed debt balance.

	Governmental Activities		Business-Type Activities		Total	
Outstanding Borrowings	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 152,536,287	\$ 163,136,287	\$ 453,713	\$ 453,713	\$ 152,990,000	\$ 163,590,000
Special assessment debt	640,000	965,000	-	-	640,000	965,000
Revenue bonds	-	-	-	520,000	-	520,000
Other government/bank loans	1,404,806	1,614,579	10,179,027	11,167,657	11,583,833	12,782,236
Total	\$ 154,581,093	\$ 165,715,866	\$ 10,632,740	\$ 12,141,370	\$ 165,213,833	\$ 177,857,236

Long-term debt increased by \$.3 million during 2013, which was the result of an additional loan through the State of Washington for Sewer infrastructure. The terms of the loan have not been finalized but it is expected that the interest rate will be less than 3.0% and will have a twenty-year loan period. The debt per capita for the citizens of the City of Spokane was approximately \$783.

See Note 9 for additional information about the City's long-term debt.

Economic Conditions Affecting the City

Since one of the primary revenue streams for the City is sales tax, the City's sales tax revenues are subject to changes in the economy. Sales taxes are an "elastic" revenue stream; tax collections are higher in a flourishing economy and are lower in a depressed economy. While enjoying a strong economy in the middle of the last decade, the City of Spokane for the last several years has been dealing with the slow recovery from the nation-wide economic downturn. The City's management and elected officials are responding to the economic conditions with a balanced approach including cutting expenses, encouraging new business activity by minimizing tax increases, and using reserve balances strategically.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, please contact the City's Office of Finance, 808 West Spokane Falls Boulevard, Spokane, WA 99201.

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Basic Financial Statements
Government-wide Financial Statements

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Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 38,537,802	\$ 14,194,638	\$ 52,732,440
Equity in pooled investments	97,403,143	107,738,976	205,142,119
Receivables (net)	31,473,651	25,151,760	56,625,411
Internal balances	(8,490,694)	8,490,694	-
Inventories	2,751,521	2,482,879	5,234,400
Other assets	-	-	-
Restricted Assets:			
Cash and cash equivalents	-	10,505,120	10,505,120
Receivables, noncurrent	38,694,401	5,427,365	44,121,766
Other	-	-	-
Capital Assets (Note 4):			
Non-depreciable assets	868,230,514	74,603,258	942,833,772
Depreciable assets, net of depreciation	680,942,749	537,712,459	1,218,655,208
Total capital assets, net of depreciation	1,549,173,263	612,315,717	2,161,488,980
Total Assets	1,749,543,087	786,307,149	2,535,850,236
LIABILITIES			
Accounts payable and accrued expenses	10,857,824	14,193,055	25,050,879
Accrued liabilities	-	-	-
Unearned revenue	24,708	31,222	55,930
Other liabilities, current	7,669,797	2,202,564	9,872,361
Long term liabilities (Note 9):			
Due within one year	28,888,124	1,620,939	30,509,063
Due within more than one year	174,884,546	26,910,911	201,795,457
Total Liabilities	222,324,999	44,958,691	267,283,690
NET POSITION			
Net investment in capital assets	1,433,814,440	601,682,977	2,035,497,417
Restricted for:			
Capital projects	26,208,119	-	26,208,119
Debt service	5,855,848	-	5,855,848
Grants/other	41,465,487	-	41,465,487
Police and firefighters' pension	403,498	-	403,498
Other	57,419	-	57,419
Unrestricted	19,413,277	139,665,481	159,078,758
Total Net Position	\$ 1,527,218,088	\$ 741,348,458	\$ 2,268,566,546

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Activities
For the Fiscal Year Ended December 31, 2013

	Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
General government	\$ 15,180,765	\$ 14,697,250	\$ 93,246	\$ 881,320
Judicial	6,699,552	5,644,840	84,000	3,750
Public safety	109,027,215	5,560,995	714,987	82,176
Transportation	48,666,159	2,500,221	598,726	4,005,271
Utilities environment	-	-	-	159,128
Economic environment	22,152,576	1,865,779	14,655,137	167,220
Mental and physical health	118,107	281,636	-	-
Culture and recreation	29,132,669	1,471,969	13,377	1,970,269
Interest on long-term debt	7,995,151	-	-	-
Total governmental activities	238,972,194	32,022,690	16,159,473	7,269,134
Business-Type Activities:				
Water/Sewer	97,160,227	116,963,625	-	5,419,365
Solid Waste	74,174,306	68,985,805	-	-
Other business-type entities	8,606,778	9,171,609	-	-
Total business-type activities	179,941,311	195,121,039	-	5,419,365
Total government	\$ 418,913,505	\$ 227,143,729	\$ 16,159,473	\$ 12,688,499

The notes to the financial statements are an integral part of this statement.

Statement of Activities
For the Fiscal Year Ended December 31, 2013

Functions/Programs	Net (Expense) Revenue and Change in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ 491,051	\$ -	\$ 491,051
Judicial	(966,962)	-	(966,962)
Public safety	(102,669,057)	-	(102,669,057)
Transportation	(41,561,941)	-	(41,561,941)
Utilities environment	159,128	-	159,128
Economic environment	(5,464,440)	-	(5,464,440)
Mental and physical health	163,529	-	163,529
Culture and recreation	(25,677,054)	-	(25,677,054)
Interest on long-term debt	(7,995,151)	-	(7,995,151)
Total governmental activities	(183,520,897)	-	(183,520,897)
Business-Type Activities:			
Water/Sewer	-	25,222,763	25,222,763
Solid Waste	-	(5,188,501)	(5,188,501)
Other business-type entities	-	564,831	564,831
Total business-type activities	-	20,599,093	20,599,093
Total government	\$ (183,520,897)	\$ 20,599,093	\$ (162,921,804)
General Revenues			
Property taxes	63,700,832	-	63,700,832
Sales taxes	44,870,883	-	44,870,883
Utility taxes	55,400,483	-	55,400,483
Other taxes	13,868,049	-	13,868,049
Investment earnings	2,888,785	261,301	3,150,086
Net increase (decrease) in fair value of investments	(1,417,141)	(1,120,799)	(2,537,940)
Transfers	49,282	(49,282)	-
Total general revenues and transfers	179,361,173	(908,780)	178,452,393
Change in Net Position	(4,159,724)	19,690,313	15,530,589
Prior period adjustment	1,159,104	(15,251,015)	(14,091,911)
Net Position - beginning (restated)	1,530,218,708	736,909,160	2,267,127,868
Net Position - ending	\$ 1,527,218,088	\$ 741,348,458	\$ 2,268,566,546

The notes to the financial statements are an integral part of this statement.

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Basic Financial Statements
Fund Financial Statements

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City of Spokane

Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,879,471	\$ 19,034,340	\$ 25,913,811
Deposits with fiscal agents/trustees	69,833	38,228	108,061
Equity in pooled investments	14,363,326	44,848,176	59,211,502
Taxes receivable	12,335,708	3,763,411	16,099,119
Special assessment receivable	-	3,059,371	3,059,371
Accounts receivable	2,808,852	1,479,506	4,288,358
Interest receivable	197,258	26,955	224,213
Due from other funds	5,256,194	2,515,268	7,771,462
Interfund loan receivable	166,931	519,563	686,494
Due from other governments	228,413	4,899,399	5,127,812
Advances to other funds	827,090	2,574,290	3,401,380
Inventories	-	1,194,392	1,194,392
Notes/contract receivable (non current)	233,777	38,434,621	38,668,398
Total Assets	43,366,853	122,387,520	165,754,373
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts/vouchers payable	921,585	5,664,308	6,585,893
Due to other funds	985,599	1,874,702	2,860,301
Due to other governments	236	44,019	44,255
Revenues collected in advance	-	71,476	71,476
Interfund loan payable	-	-	-
Other accrued liabilities	3,153,649	764,122	3,917,771
Other current liabilities	860,663	2,448,015	3,308,678
Deferred inflow of resources	1,827,120	4,244,611	6,071,731
Total Liabilities	7,748,852	15,111,253	22,860,105
Fund Balance			
Nonspendable	994,020	4,288,245	5,282,265
Restricted for:			
Capital projects	-	26,208,119	26,208,119
Police and firefighters' pensions	-	403,498	403,498
Grants/other	636,836	40,828,651	41,465,487
Debt service	-	5,855,848	5,855,848
Other	-	57,419	57,419
Committed	15,014,310	16,205,661	31,219,971
Assigned	2,681,650	13,428,826	16,110,476
Unassigned	16,291,185	-	16,291,185
Total Fund Balance	\$ 35,618,001	\$ 107,276,267	\$ 142,894,268

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2013

	General Fund	Other Governmental Funds	Total
REVENUES			
Taxes	\$ 130,269,475	\$ 40,016,459	\$ 170,285,934
Licenses and permits	6,424,954	504,284	6,929,238
Intergovernmental	3,267,477	32,139,492	35,406,969
Charges for services	14,583,391	11,127,352	25,710,743
Fines and forfeitures	2,862,356	1,980,779	4,843,135
Miscellaneous	1,058,969	4,417,726	5,476,695
Interest income	1,881,602	368,197	2,249,799
Net increase (decrease) in fair value of investments	(630,466)	(424,478)	(1,054,944)
Total Revenues	159,717,758	90,129,811	249,847,569
EXPENDITURES			
Current:			
General government	21,852,608	8,713,465	30,566,073
Public safety	89,789,347	21,845,026	111,634,373
Utilities environment	-	-	-
Transportation	7,324,204	20,453,511	27,777,715
Economic environment	5,178,683	16,356,955	21,535,638
Mental and physical health	118,064	-	118,064
Culture and recreation	8,278,029	14,979,271	23,257,300
Capital outlays	2,216,660	25,048,922	27,265,582
Debt service:			
Principal	-	11,134,771	11,134,771
Interest	-	7,762,321	7,762,321
Total Expenditures	134,757,595	126,294,242	261,051,837
Excess of Revenues Over (Under) Expenditures	24,960,163	(36,164,431)	(11,204,268)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	74,604	2,241,338	2,315,942
Transfers in	400,946	33,128,249	33,529,195
Transfers out	(27,783,338)	(9,679,265)	(37,462,603)
Total Other Financing Sources (Uses)	(27,307,788)	25,690,322	(1,617,466)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,347,625)	(10,474,109)	(12,821,734)
Other Changes in Fund Balance			
Prior Period Adjustment	(544,521)	577,095	32,574
Fund Balance - beginning (restated)	38,510,147	117,173,281	155,683,428
Fund Balance - ending	\$ 35,618,001	\$ 107,276,267	\$ 142,894,268

The notes to the financial statements are an integral part of this statement.

City of Spokane

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds December 31, 2013

Total Fund Balance of Governmental Funds	\$	142,894,268
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Non-depreciable assets	859,659,849	
Depreciable assets	1,199,986,735	
Less: Accumulated depreciation	(549,777,304)	
Total capital assets		1,509,869,280
Some of the city's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		
		6,208,109
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		53,290,832
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Bonds payable	(152,536,287)	
Deferred amounts on bond issuance	(3,736,628)	
Special assessment debt	(640,000)	
Due to other governments	(1,404,806)	
OPEB (other postemployment benefits) liability	(13,092,216)	
Accrued interest on bonds	(686,121)	
Compensated absences	(12,948,343)	
Total long term liabilities		(185,044,401)
Net Position of Governmental Activities	\$	1,527,218,088

The notes to the financial statements are an integral part of this statement.

City of Spokane

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities For the Fiscal Year Ended December 31, 2013

Change in fund balance - governmental funds	\$	(12,821,734)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, capital outlays did not exceed depreciation expense:		
Capital outlays	26,831,160	
Depreciation expense	(30,907,306)	
		(4,076,146)
In the Statement of Activities, only the loss on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in fund balance differs from the change in net position by the cost of capital assets sold.		
Capital assets sold	(6,419,823)	
Less accumulated depreciation	2,993,465	
		(3,426,358)
Some revenues in the governmental funds that were not available until the current year were reported in prior years in the Statement of Activities.		
		131,418
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount payments exceeded proceeds:		
Principal repayments - general obligation debt	10,600,000	
Principal repayments - special assessment debt	325,000	
Principal repayments - due to other governments	209,773	
Bond proceeds	-	
		11,134,773
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) decrease in OPEB (other postemployment benefit) liability	(2,565,091)	
(Increase) decrease in compensated absences	2,441,009	
(Increase) decrease in accrued interest	32,327	
(Increase) decrease in deferred amounts on bond issuance	392,141	
		300,386
Internal service funds are used by management to charge the costs of certain activities such as fleet management and insurance to individual funds. The net gain of internal service funds is reported with governmental activities.		
		4,597,937
Change in net position of governmental activities	\$	(4,159,724)

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Net Position Proprietary Funds December 31, 2013

	Business-Type Activities - Enterprise Funds				continued	
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Governmental Activities Internal Service	
ASSETS						
Current Assets:						
Cash and equivalents	\$ 6,276,462	\$ 6,510,252	\$ 1,347,011	\$ 14,133,725	\$ 10,657,546	
Deposits with fiscal agents	50,915	9,998	-	60,913	1,858,384	
Equity in pooled investments	78,340,531	27,843,781	1,554,665	107,738,977	38,191,641	
Accounts receivable	12,583,829	5,453,639	279,130	18,316,598	2,659,447	
Interest receivable	27,263	13,316	698	41,277	13,437	
Due from other funds	935,432	661,859	160,972	1,758,263	2,926,243	
Interfund loan receivable	909,957	444,898	18,079	1,372,934	443,338	
Due from other governments	6,541,766	252,119	-	6,793,885	1,894	
Inventories	2,434,703	-	48,176	2,482,879	1,557,129	
Prepayments	-	-	-	-	26,003	
Equity in pooled investments, restricted	-	10,585,120	-	10,585,120	-	
Interest receivable, restricted	-	-	-	-	-	
Total current assets	108,100,858	51,694,982	3,408,731	163,204,571	58,335,062	
Noncurrent assets:						
Non depreciable capital assets:						
Land	8,690,813	4,671,178	1,289,224	14,651,215	6,281,199	
Construction in progress	54,028,468	5,923,575	-	59,952,043	2,289,466	
Depreciable capital assets:						
Property, plant, and equipment	289,362,747	216,221,308	15,585,865	521,149,920	53,212,326	
Infrastructure	453,533,190	-	27,518	453,560,708	6,261,641	
Capitalized software	-	-	-	-	6,609,005	
Intangible assets	113,766	-	-	113,766	-	
Less accumulated depreciation	(282,343,425)	(145,852,059)	(8,936,451)	(437,131,935)	(35,349,654)	
Total capital assets	523,385,559	80,964,002	7,966,156	612,315,717	39,303,983	
Other noncurrent assets:						
Other noncurrent assets and deferred charges	5,396,420	30,945	-	5,427,365	-	
Advances to other funds	4,508,566	2,204,336	89,578	6,802,480	2,196,600	
Total noncurrent assets	533,290,545	83,199,283	8,055,734	624,545,562	41,500,583	
Total assets	641,391,403	134,894,265	11,464,465	787,750,133	99,835,645	

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Net Position Proprietary Funds December 31, 2013

	Business-Type Activities - Enterprise Funds				continued	
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	Governmental Activities Internal Service	
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 5,105,190	\$ 8,943,067	\$ 94,759	\$ 14,143,016	\$ 3,478,782	
Claims and judgments payable	-	-	-	-	17,352,724	
Compensated absences	163,472	35,568	38,472	237,512	122,292	
Due to other funds	5,054,136	2,395,568	117,009	7,566,713	2,028,954	
Interfund loan payable	-	-	-	-	14,903,225	
Due to other governmental units	1,383,427	-	-	1,383,427	107,028	
Accrued interest	50,039	-	-	50,039	-	
Other accrued liabilities	738,992	464,575	133,647	1,337,214	399,093	
Other current liabilities	575,030	155,620	134,700	865,350	89,610	
Total current liabilities	13,070,286	11,994,398	518,587	25,583,271	38,481,708	
Current liabilities payable from restricted assets:						
Revenue bonds payable	-	-	-	-	-	
Accrued interest payable	-	-	-	-	-	
Total current liabilities payable from restricted assets	-	-	-	-	-	
Noncurrent Liabilities:						
Revenue bonds payable	-	-	-	-	-	
General obligation bonds payable	-	-	453,712	453,712	-	
Due to other governmental units	8,919,738	-	-	8,919,738	-	
Revenue collected in advance	-	1,235	29,987	31,222	-	
Compensated absences	2,953,214	1,215,474	510,593	4,679,281	1,939,375	
Accrued landfill liability	-	1,689,660	-	1,689,660	-	
Accrued landfill postclosure liability	-	11,168,520	-	11,168,520	-	
Total noncurrent liabilities	11,872,952	14,074,889	994,292	26,942,133	1,939,375	
Total Liabilities	24,943,238	26,069,287	1,512,879	52,525,404	40,421,083	
NET POSITION						
Net investments in capital assets	513,206,531	80,964,002	7,512,444	601,682,977	24,293,730	
Restricted	-	-	-	-	-	
Unrestricted	103,241,634	27,860,976	2,439,142	133,541,752	35,120,832	
Total Net Position	\$ 616,448,165	\$ 108,824,978	\$ 9,951,586	\$ 735,224,729	\$ 59,414,562	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					6,123,730	
Net position of business-type activities					\$ 741,348,459	

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Fiscal Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for goods and services	\$ 115,126,216	\$ 66,083,041	\$ 9,113,840	\$ 190,323,097	\$ 41,761,289
Miscellaneous revenue	-	1,343,001	34,469	1,377,470	36,879,760
Other operating revenue	199,228	-	13,780	213,008	872,752
Total operating revenues	115,325,444	67,426,042	9,142,089	191,913,575	79,513,801
OPERATING EXPENSES					
Operations	23,208,029	46,559,859	4,924,245	74,692,133	26,570,462
Maintenance	17,367,578	4,784,235	1,160,372	23,312,185	-
Administration	9,571,593	2,666,883	1,521,282	13,759,758	8,627,349
Depreciation	19,014,834	10,211,535	930,317	30,156,686	4,223,212
Taxes	26,362,075	8,954,193	19,469	35,335,737	-
Risk transfer payments	-	-	-	-	13,327,233
Claims processing	-	-	-	-	1,835,751
Payments to claimants and beneficiaries	-	-	-	-	25,451,966
Total operating expenses	95,524,109	73,176,705	8,556,685	177,256,499	80,035,973
Operating Income (Loss)	19,801,335	(5,750,663)	606,404	14,657,076	(522,172)
NONOPERATING REVENUES (EXPENSES)					
Interest income	175,828	73,454	12,019	261,301	124,527
Net increase (decrease) in fair value of investments	(742,775)	(363,219)	(14,805)	(1,120,799)	(362,197)
Gain (loss) on disposition of fixed assets	320,000	(6,143)	-	313,857	284,706
Interest expense	(126,932)	-	(28,174)	(155,106)	(328,649)
Revenues from jobbing and contracting	660,082	-	-	660,082	-
Expenses from jobbing and contracting	(892,252)	-	-	(892,252)	-
UD losses and engineering expenses	(608,281)	-	-	(608,281)	-
Rent and lease income	586,149	178,916	-	765,065	-
Other nonoperating revenue	71,950	1,380,847	9,520	1,462,317	157,598
Other nonoperating expense	-	(983,722)	(22,119)	(1,005,841)	-
Total nonoperating revenues (expenses)	(556,231)	280,133	(43,559)	(319,657)	(124,015)
Income (loss) before contributions and transfers	19,245,104	(5,470,530)	562,845	14,337,419	(646,187)
Capital contributions	5,419,365	-	-	5,419,365	1,244,613
Transfers in	-	-	-	-	4,205,351
Transfers out	(20,400)	(3,672)	(25,210)	(49,282)	(222,662)
Change in Net Position	24,644,069	(5,474,202)	537,635	19,707,502	4,581,115
Prior period adjustment	(15,251,015)	-	-	(15,251,015)	1,758,974
Net Position - beginning	607,055,111	114,299,180	9,413,951	-	53,074,473
Net Position - ending	\$ 616,448,165	\$ 108,824,978	\$ 9,951,586	\$ -	\$ 59,414,562
Change in Net Position				19,707,502	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				(17,188)	
Change in net position of business-type activities				\$ 19,690,314	

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water/Sewer	Solid Waste	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 114,053,807	\$ 70,498,740	\$ 8,608,893	\$ 193,161,440	\$ 1,912,362
Receipts from interfund services provided	1,990,149	(176,777)	329,762	2,143,134	76,454,631
Payments to suppliers for services	(8,400,184)	(51,240,123)	(1,028,338)	(60,668,645)	(52,149,448)
Payments to employees	(27,633,822)	(739,249)	(4,973,410)	(33,346,481)	(16,740,743)
Payment for taxes - city and state	(23,981,661)	(7,753,645)	(19,469)	(31,754,775)	(164,156)
Payments for interfund services received	(17,506,129)	(1,715,287)	(1,220,905)	(20,442,321)	(3,787,397)
Other receipts (payments)	(20,208,139)	-	-	(20,208,139)	(1,472,274)
Net cash provided (used) by operating activities	18,314,019	8,873,659	1,693,533	28,881,211	4,052,975
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in (out)	(9,123)	-	-	(9,123)	(172)
Net cash provided (used) by noncapital financing activities	(9,123)	-	-	(9,123)	(172)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Proceeds from disposal of capital assets	(416,724)	4,249,179	-	3,832,455	393,651
Proceeds from loans, notes, and lease purchase payable	380,591	-	-	380,591	-
Capital grants and contributions received	5,437,357	-	-	5,437,357	-
Acquisition and construction of capital assets	(15,479,371)	(14,989,267)	(120,314)	(30,748,952)	(10,975,826)
Principal paid on intergovernmental loans	(1,357,566)	-	-	(1,357,566)	-
Principal paid on revenue bonds	-	-	(514,962)	(514,962)	-
Interest paid on interfund loans	-	-	-	-	(328,649)
Interest paid on intergovernmental loans	(149,961)	-	-	(149,961)	-
Interest paid on revenue bonds	-	-	(32,341)	(32,341)	-
Interest paid on general obligation bonds	-	-	-	-	-
Transfers in (out)	(11,277)	(3,672)	(25,210)	(40,159)	5,227,474
Net cash provided (used) by capital and related financing activities	(11,797,001)	(10,723,769)	(692,827)	(23,213,598)	(5,683,350)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(11,651,250)	(4,129,194)	(1,601,024)	(17,381,470)	(7,814,335)
Proceeds from sales and maturities of investments	4,400,000	7,531,595	1,178,697	13,110,292	9,087,934
Interest received	(571,843)	(284,123)	4,191	(851,775)	89,284
Net cash provided (used) by investing activities	(7,823,093)	3,118,276	(418,136)	(5,122,953)	1,362,883
Net increase (decrease) in cash and cash equivalents	(1,315,198)	1,268,175	582,570	535,547	(267,664)
Cash and cash equivalents - January 1	7,591,660	5,242,077	764,441	13,598,178	10,925,210
Cash and cash equivalents - December 31	\$ 6,276,462	\$ 6,510,252	\$ 1,347,011	\$ 14,133,725	\$ 10,657,546
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 19,801,335	\$ (5,750,663)	\$ 606,404	\$ 14,657,076	\$ (522,172)
Adjustments to Reconcile Operating Income					
Depreciation & amortization	19,014,834	10,211,535	930,317	30,156,686	4,223,212
Prior period adjustment/fund balance restatement	(15,251,015)	-	-	(15,251,015)	284,706
Other revenues	1,318,181	1,559,763	(12,599)	2,865,345	157,598
Other expenses	(1,500,533)	(983,722)	-	(2,484,255)	-
Change in Assets: Decrease (Increase)					
Receivables, net of allowance	(2,480,225)	1,336,412	(213,747)	(1,357,560)	(2,021,545)
Deposits with fiscal agents	-	(4,023)	-	(4,023)	(739,648)
Inventories	22,545	-	-	22,545	(220,471)
Prepayments	-	-	-	-	8,486
Change in Liabilities: Increase (Decrease)					
Payables	(2,611,103)	2,504,357	383,158	276,412	2,880,635
Net Cash provided (used) by operating activities	\$ 18,314,019	\$ 8,873,659	\$ 1,693,533	\$ 28,881,211	\$ 4,052,975
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contributions of capital assets	\$ 833,007	-	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Pension and Other Employee Benefit Plans	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Current Assets:			
Cash	\$ 833,879	\$ 1,573	\$ 2,863,563
Equity in pooled investments	-	-	1,541,855
Short term investments	4,354,976	-	-
Deposits with fiscal agents/trustees	-	-	-
Receivables, pension and other employee benefit plans:			
Interest and dividends	223,393	-	-
Taxes receivable	450,000	-	-
Other receivables	27,057	8,658	113,854
Due from other funds	-	-	-
Due from other governments	-	-	1,247
Total Current Assets	5,889,305	10,231	4,520,519
Noncurrent Assets:			
Investments, noncurrent, at fair value:			
U.S. fixed income	53,937,391	-	-
International/global fixed income	14,829,284	-	-
U.S. equities	97,909,114	-	-
Real estate	14,223,774	-	-
International equities	53,140,765	-	-
Alternatives	68,191,034	-	-
Total Investments	302,231,362	-	-
Capital assets:			
Software	477,000	-	-
Other improvements	17,539	-	-
Accumulated depreciation	(64,362)	-	-
Investments, noncurrent, all other funds:	-	-	-
Other non current assets	-	-	-
Total Noncurrent Assets	302,661,539	-	-
Total Assets	308,550,844	10,231	\$ 4,520,519
LIABILITIES			
Warrants payable	-	-	2,058,040
Accounts/vouchers payable	178,333	-	22,352
Due to other funds	-	-	-
Due to other governments	-	-	2,350,803
Compensated absences	18,419	-	-
Other accrued liabilities	4,070	-	1,804
Other current liabilities	31,878	-	47,520
Other long-term liabilities	-	-	40,000
Total Liabilities	232,700	-	\$ 4,520,519
NET POSITION			
Net assets held in trust for:			
Pension benefits	295,225,928	-	-
Postemployment benefits	13,092,216	-	-
Individuals, organizations, and other governments	-	10,231	-
Total Net Position	\$ 308,318,144	\$ 10,231	\$ 10,231

The notes to the financial statements are an integral part of this statement.

City of Spokane

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended December 31, 2013

	Pension Trust Funds	Private Purpose Trust Funds	Total
ADDITIONS			
Contributions:	\$ -	\$ -	\$ -
Employer	15,183,337	-	15,183,337
Plan Members	6,715,376	-	6,715,376
Intergovernmental revenue	263,334	-	263,334
Medicare retiree drug subsidy	218,514	-	218,514
Miscellaneous	290	-	290
Private contributions	-	13,625	13,625
Total Contributions	22,380,851	13,625	22,394,476
Investment Earnings:			
Net increase in fair value of investments	40,352,202	-	40,352,202
Interest and dividends	5,431,406	-	5,431,406
Total investment earnings (loss)	45,783,608	-	45,783,608
Less: Investment expense	(410,602)	-	(410,602)
Net investment earnings (loss)	45,373,006	-	45,373,006
Total Additions	67,753,857	13,625	67,767,482
DEDUCTIONS			
Benefits	22,309,770	-	22,309,770
Medical and dental benefits	4,862,903	-	4,862,903
Pension refunds	393,954	-	393,954
Medical and dental administration	433,275	-	433,275
Administrative expenses	518,809	-	518,809
Maintenance costs	-	7,456	7,456
Total Deductions	28,518,711	7,456	28,526,167
Change in Fiduciary Net Position	39,235,146	6,169	39,241,315
Other Changes in Net Position			
Prior Period Adjustment	-	-	-
Net Position - beginning	269,082,998	4,062	269,087,060
Net Position - ending	\$ 308,318,144	\$ 10,231	\$ 308,328,375

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended December 31, 2013

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Note 1

Summary of Significant Accounting Policies

The City of Spokane was incorporated November 29, 1881 with a population of 1,000 people and an area of two square miles. Today, over 100 years later, the City's population is approximately 209,100 people within an area of about 60.2 square miles. The City's first charter was adopted December 28, 1910, with a Commission form of government. On January 1, 2001 the City began operating under the Strong Mayor-Council form of government that was adopted November 7, 2000.

The accounting policies of the City of Spokane conform to generally accepted accounting principles, as applicable to governments. The accompanying summary of the City of Spokane's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

In June 2010, the Governmental Accounting Standards Board (GASB) established the standards of accounting and financial reporting for Fund Balance Reporting with GASB 54. This Statement is effective for periods beginning after June 15, 2010. This statement was designed to provide consistent fund balance classifications among governmental funds and to provide a better understanding of the constraints imposed on stated fund balances.

A. REPORTING ENTITY

The accompanying financial statements of the City of Spokane include all funds, activities and functions over which the City's executive and legislative bodies exercise oversight responsibility. Oversight responsibility is derived from the City's power and includes, but is not limited to: (a) financial interdependency, (b) selection of

governing authority, (c) designation of management, (d) ability to significantly influence operations, and (e) accountability for fiscal matters.

The most significant manifestation of oversight is financial interdependency. This includes the responsibility for financing deficits, entitlement to surpluses, and guarantees of "moral responsibility" for debt.

Included in the accompanying financial statements are several funds that are administered by independent boards. These include the Library fund, Parks fund, Employees' Retirement fund, Firefighters' Pension fund, and the Police Pension fund. These organizations meet the criteria for inclusion in the City's financial statements.

The following organizations are not part of the City of Spokane and are excluded from the accompanying financial statements:

Community Colleges of Spokane

The governing body is appointed by the Governor of the State of Washington. The City has no oversight responsibility nor does any financial interdependency exist between the two entities.

Spokane School District #81

The voters of the school district elect the governing body and taxes are levied by the school district itself. The City has no oversight responsibility nor does any financial interdependency exist between the two entities.

Spokane Housing Authority

The governing body is appointed by the Mayor of the City. It is an independent entity that does not have taxing authority, but can issue bonds. State law provides that liabilities incurred by them be satisfied from their assets and that no person shall have any right of action against the City on account of their debts, obligations and liabilities. The City does not, therefore, have oversight responsibility nor does any financial interdependency exist between the two entities.

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Spokane Transit Authority

The governing body is appointed jointly by the City and Spokane County. Small cities in the Spokane Transit Authority service area also elect a representative. The City has no oversight responsibility nor does any financial interdependency exist.

Spokane Public Facilities District

The governing board consists of five members. Two are appointed by the City, two by Spokane County, and the fifth member is selected by the other four members. The City has no oversight responsibility nor does any financial interdependency exist.

Blended Component Units

Blended component units, although legally separate entities, are those considered to be part of the city's operation in substance. They are financially accountable to the city, or have relationships with the city such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These entities are reported as blended component units because city officials either serve on or appoint the members of the governing bodies of the authorities. The city also has the ability to influence the operations of the authorities through legislation.

The Northeast Public Development Authority was created to invest in community outreach, infrastructure, economic development partnerships, and land development to create business and job opportunities within the northeast development target area. As of December 31, 2013, there were no financial transactions that are reported in the city's financial statements.

The University Public Development Authority was established to cultivate an urban university district environment favorable to development. As of December 31, 2013, there were no financial transactions that are reported in the city's financial statements.

The Spokane Transportation Benefit District (TBD) was created to make transportation improvements

consistent with existing state, regional, and local transportation plans. The financial transactions of the TBD are shown in the *Combining Statement of Changes in Assets and Liabilities, Agency Funds*.

Joint Ventures

The City participates in two joint ventures. These include the Spokane International Airport and the Spokane Regional Transportation Council. The Spokane Regional Transportation Council is accounted for by the City in an Agency fund. The Spokane International Airport is not part of the City and is excluded from the accompanying financial statements. See Note 11, Joint Ventures, which more fully describes these organizations.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The city presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These government-wide financial statements report information on all activities of the primary government unit and its component units, if any. The financial information for the primary government is distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Statement of Net Position

The Statement of Net Position presents the city's assets and liabilities. As a general rule, balances between governmental and business-type activities are eliminated.

Assets and liabilities are presented in a net assets format in order of liquidity. Net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) are classified into three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- Restricted net position results when constraints are placed on net asset use either by external parties or by law through enabling legislation.
- Unrestricted net position consists of amounts that do not meet the definition of the two preceding categories.

Statement of Activities

The Statement of Activities reports the extent to which each major city program is supported by general city revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business-type activities, a major program is an identifiable activity.

Program revenues offset the direct expenses of major programs. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a city resident or taxpayer or other governments or nongovernmental entities.
- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program are also considered program revenues.

General revenues consist of taxes and other items not meeting the definition of program revenues.

Generally the effect of internal activities is eliminated. Exceptions to this rule include charges between the workers' compensation and risk

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management insurance programs and the various other city programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

Fund Financial Statements

The City uses 302 accounts that are combined into 186 rollup funds. The city presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

Major Governmental Funds

- **General Fund** is the city's primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.

Major Enterprise Funds

- **Water/Sewer Fund** accounts for the operation and construction of the water and wastewater distribution systems, the hydroelectric facilities, and the wastewater treatment facility, and accounts for all revenues and expenses incurred in its operation.
- **Solid Waste Fund** is used to account for the collection and disposal of the city's refuse, including curbside and yard waste recycling. The operation of the waste-to-energy facility is also accounted for in this fund.

The city includes the following governmental and proprietary fund types within nonmajor funds.

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Nonmajor Governmental Funds

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specific purposes. These include a variety of city programs including the city's street program, parks department, and community development programs.
- **Debt Service Funds** account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the city's bonds issued in support of governmental activities.
- **Capital Projects Funds** account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major city-owned facilities (other than those financed by proprietary funds).

Nonmajor Proprietary Funds

- **Enterprise Funds** account for the city's business type operations for which a fee is charged to external users for goods or services such as golf and building permits.
- **Internal Service Funds** account for the city's risk management, data processing, accounting, utility billing, fleet services, and other services provided by one department to other departments of the city on a cost-reimbursement basis.

Fiduciary Funds

The city reports the following fiduciary funds:

- **Pension (and other Employee Benefit) Trust Funds** are used to report resources that are required to be held in trust by the city for the members and beneficiaries of its defined benefit and other employee benefits plans.
- **Private-Purpose Trust Fund** is used to report trust arrangements, other than pension trusts, under which trust principal and income benefit

individuals, private organizations, or other governments.

- **Agency Funds** account for resources held by the city in a custodial capacity for other governments, private organizations, or individuals.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For government-wide reporting purposes, the city uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as the eligibility requirements imposed by the provider have been met.

For fund statement reporting purposes, the city uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets and liabilities are included on the governmental funds balance sheet. Operating statements for these funds present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay for liabilities of the current period. Primary revenues that are determined to be susceptible to accrual include sales taxes, business and occupation taxes, federal grants in aid, and charges for services.

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Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year. Revenues from licenses, permits, and fees are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the eligibility criteria is met. Expenditure-driven grant revenue is considered available if it can be collected by the city at the same time cash is disbursed to cover the associated grant expenditure. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collected within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are generally recognized when the related liability is incurred. However, unmatured interest on general long-term obligations is recognized when due, and certain compensated absences, other postemployment benefits, and claims and judgments are recognized when the obligations are expected to be liquidated with available expendable financial resources.

The city reports deferred inflows of resources on the balance sheet of its governmental funds under certain conditions. Deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for revenue recognition in the current period. Deferred inflows of resources also arise when resources are received by the city before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

All proprietary and trust funds are accounted for using the economic resources measurement focus.

With this measurement focus, all assets and liabilities associated with the operation of these funds are included on their respective statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Net position for trust funds are held in trust for external individuals and organizations.

All proprietary and trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Excess of Expenditures Over Appropriations

The following governmental funds reported excess expenditures and other uses over appropriations:

Fund	Amount
Hotel/Motel Lodging	439,827
Emergency Medical Services	32,756
Community Development	11,478
CDBG Revolving	369,786
Rental Rehabilitation	19,744
Housing Stabilization	18,360
Total	\$ 891,951

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Funds with Deficit Fund Balance/Net Position

The following funds reported deficit fund balance/net position as of December 31, 2013:

Fund	Amount
Accounting Services	461,185
Total	\$ 461,185

The Accounting Services Fund deficit is the result of under-charging other City funds for actual expenses of the internal service fund. Budgeted allocations to other funds were underestimated. The City plans to fully recover the deficit from the internal customer funds by the end of 2014.

D. BUDGETARY INFORMATION

Annual appropriated budgets are adopted for all funds within the City, including the General, Special Revenue, Debt Service, and Capital Projects funds. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted governmental funds only.

The budget basis is substantially the same as the basis of accounting in all governmental funds.

The City follows these policies and procedures in establishing the budgetary data reported in the financial statements:

1. Prior to November 1, the Mayor submits to the City Council a preliminary budget and budget message and files it with the City Clerk.
2. Public hearings are conducted to obtain taxpayers comments.

3. Prior to January 1, the budget is legally adopted through passage of an ordinance. The City is required by state law to adopt a balanced budget.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the City Council.
5. A comparison of budget to actual is used as a management control device during the year for all funds.
6. The expenditures of a given fund may not legally exceed its appropriations.
7. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.
8. The level of control for adopted budgets is at the fund level.
9. Any unexpended appropriation balances automatically lapse at year-end.

Encumbrances

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders and contracts. Encumbrances at year-end represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders in process are completed. Encumbrances outstanding at year-end for unfulfilled obligations of the current year budget are reappropriated in the succeeding year.

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E. ASSETS, LIABILITIES, AND NET POSITION

1. Cash and Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2013, the Treasurer was holding \$271.2 million in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is credited to the General Fund. Cash and equivalents include cash on hand, cash in banks, and petty cash funds.

2. Pooled Investments

The City Treasurer invests all temporary cash surpluses. For reporting purposes, investments are stated at fair value or amortized cost, which approximates fair value.

3. Receivables

Accounts receivable are stated net of allowances for uncollectible accounts. Estimated unbilled accounts receivable for the Water, Sewer and Solid Waste funds have been recognized as revenue. Accrued interest receivable consists of amounts earned on investments, notes and contracts at year end.

4. Amounts Due to and from Other Funds and Governments and Interfund Loans

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either *Interfund Loans Receivable*, *Advances to Other Funds*, *Interfund Loan Payable* or *Due To/From Other Funds*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Loans between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds

to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories

Inventories are valued at average cost. The inventories of governmental funds, parks fund, proprietary funds, water warehouse, water meter shop, wastewater treatment plant and utilities garage are maintained on a perpetual inventory system. Other reported inventories are determined by physical count.

Reported inventories in governmental funds consist of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased (purchase method). Reported inventories in these funds are fully offset by a fund balance reserve, which indicates they are unavailable for appropriation. A comparison to market value is not considered necessary.

6. Restricted Assets

The proceeds of enterprise fund revenue bonds, as well as other resources, are restricted by applicable bond ordinances for construction costs and debt service payments. The current portion of related liabilities is shown as Payables from Restricted Assets. Owners and operators of Solid Waste Landfill units are required under the Washington Administrative Code to establish financial assurance for closure and post-closure monitoring of those units. Specific reserve requirements are described in Note 12, Enterprise Funds.

The restricted assets of the enterprise funds are composed of the following:

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Nature of Restricted Assets	Amount
Equity in Pooled Investments - Landfill Liability	\$ 10,505,120
Total	\$ 10,505,120

7. Other Noncurrent Assets

Other Long-Term Assets include long-term Contracts Receivable in the Water/Sewer fund and Other Long-Term Assets in the Solid Waste fund. See Note 12, Enterprise Funds for a description of noncurrent assets.

8. Unearned Revenue

Unearned revenue includes deferred inflows of resources such as property taxes and special assessment receivables, as well as revenues collected in advance for golf.

9. Capital Assets (see Note 4)

Except as noted below, it is the city's policy to capitalize:

- All land;
- All additions and improvements to the city's road system;
- Intangible assets;
- Buildings, building improvements, and leasehold improvements with a cost of \$5,000 or more; and
- All other capital assets with a unit cost of \$5,000 or greater

Capital assets such as property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. The City

defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives.

Category	Useful Life (in Years)
Buildings & Improvements	50-60
Infrastructure	40-60
Light/Heavy Duty Vehicles	5-10
Other Equipment	2-20
Heavy Equipment	10
Water Mains	60
Water Hydrants	50-60
Sewer Interceptors	100

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

10. Compensated Absences

Employees accrue ten days of vacation leave per year for up to five years of service. From five to twenty years, three to four weeks are accrued depending on length of service; five weeks are accrued at the beginning of the twentieth year, and six weeks are accrued at the beginning of the thirtieth year. An employee may accumulate paid vacation leave not to exceed two hundred hours or two times the employee's annual leave accrual, whichever is greater. The City has a policy of

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payment of the full amount of unused vacation leave up to the maximum accrual allowed upon termination or retirement.

The sick leave policy of the City varies according to the contract provisions of the various bargaining units. The most generous provision provides vesting, after five years of service, of 25% of the recorded sick leave at the date of resignation, and 40% upon retirement. There is no cash payment until resignation or retirement and the maximum payout cannot be in excess of 960 hours for any employee.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. An additional amount has been accrued for the government's share of Social Security and Medicare Taxes relating to the vacation and sick leave accrual.

11. Long-Term Liabilities (See Note 9)

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line or bonds-outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Deferred Inflows of Resources

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

13. Governmental Fund Balance

The city's governmental fund balance amounts are classified according to the relative constraints that control how amounts can be spent. Classifications include:

- **Nonspendable.** Balances that either are not in a spendable form or are legally or contractually required to remain intact.
- **Restricted.** Balances that are restricted for specific purposes by the constitution, enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- **Committed.** Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the city, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.
- **Assigned.** Balances that are constrained by management to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned.** Residual balances that are not constrained in the other classifications.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first followed by assigned and unassigned resources respectively.

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The detail of the governmental funds committed and assigned fund balances at December 31, 2013 are shown below:

Fund Balance	General Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>			
Interfund loans receivable	\$ 994,020	\$ 4,288,245	\$ 5,282,265
Total Nonspendable Fund Balance	994,020	4,288,245	5,282,265
<i>Restricted for:</i>			
Capital projects	-	26,208,119	26,208,119
Debt service	-	5,855,848	5,855,848
Grants	636,836	40,828,651	41,465,487
Police/firefighters' pension	-	403,498	403,498
Other	-	57,419	57,419
Total Restricted Fund Balance	636,836	73,353,535	73,990,371
<i>Committed for:</i>			
Contingency reserve	13,841,319	-	13,841,319
Revenue stabilization	674,454	-	674,454
Inventories	-	1,194,392	1,194,392
City facilities	-	159,476	159,476
Communication	-	4,403,633	4,403,633
Transportation	487,312	709,049	1,196,361
Public safety	-	6,371,114	6,371,114
Culture and recreation	-	3,363,563	3,363,563
Community development	11,225	-	11,225
Benefits	-	4,434	4,434
Total Committed Fund Balance	15,014,310	16,205,661	31,219,971
<i>Assigned for:</i>			
Parks construction/financing	-	25,000	25,000
Park revenue stabilization	-	300,000	300,000
Parks	-	263,607	263,607
Library capital replacement	267,821	-	267,821
Street maintenance	-	3,621,869	3,621,869
Human Services	-	1,370,677	1,370,677
Law enforcement	-	345,728	345,728
Encumbrances	2,236,471	7,501,945	9,738,416
Code enforcement	86,106	-	86,106
City facilities/improvement	85,845	-	85,845
Other purposes	5,407	-	5,407
Total Assigned Fund Balance	2,681,650	13,428,826	16,110,476
Total	\$ 19,326,816	\$ 107,276,267	\$ 126,603,083

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Fund balance has been restated as follows:

	Fund Balance (Deficit) at 12/31/12	Fund Reclassification	Fund Balance as restated 01/01/13
Governmental Funds			
Real Estate Rental Fund	\$ 128,813	\$ (8,860)	\$ 119,953
Community Development Block Revolving Fund	-	18,231,402	18,231,402
Home Rehabilitation Fund	18,234,608	(18,231,402)	3,206
Special Assessment Construction Fund ¹	(4,896,665)	4,896,776	111
Internal Service Funds			
Property Acquisition Fund ²	5,355,392	(1,472,274)	3,883,118
Total	\$ 18,822,148	\$ 3,415,642	\$ 22,237,790

¹The Special Assessment Construction Fund was a major fund in 2012, but is reported as a Nonmajor Internal Service Fund in 2013. This change was necessary to better align the special assessment debt with the related assets, which had caused a negative fund balance in prior years.

²The net increase of \$3.4 million is the recognition of a capital asset from the Special Assessment Construction Fund that was not reflected in the FY12 fund balance because it is a governmental fund.

14. Budgetary Reserves/Control

Contingency Reserve. This account was established in 2001 in the Spokane Municipal Code. At each budget cycle commencing with year 2001 and every year thereafter, an amount from the unappropriated general fund fund balance at each year end shall be appropriated to the contingency reserve account. Additional funds may be added to the contingency reserve account in such amounts and at such additional times during the ensuing budget year in accordance with standard emergency budget ordinance procedures.

Disbursements from this account are for the purpose of meeting extraordinary expenditures and are governed by the following criteria:

1. Unforeseen circumstances arising after the adoption of the annual budget which

require an unavoidable and non-continuing allocation; or

2. Unforeseen emergency threatening health and/or safety of the citizens; or
3. Unanticipated non-continuing expenses are needed to fulfill an unfunded legislative mandate; or
4. Significant operating efficiencies can be achieved resulting in clearly identified near-term and offsetting cost savings. Appropriations from this account are only approved by the standard emergency budget ordinance procedure.

Revenue Stabilization. At each and every year, commencing with the 2008 budget, amounts from the unappropriated general fund fund balance shall be appropriated to the revenue stabilization account until such time the account is funded to the targeted funding level. (The initial targeted funding

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level within the revenue stabilization account was three and one-half percent of budgeted general fund revenues.)

Disbursements from the revenue stabilization account may be made to mitigate a general fund revenue shortfall deemed by the City Council to meet the following criteria:

1. Revenue shortfall results from revenue collections considered to be materially short of the amount budgeted, or the revenue shortfall results from projected baseline (existing) budgeted revenues for any ensuing year increasing by less than the assumed long-term revenue growth rate in the City's six-year general fund projection for the immediate year; and
2. The revenue shortfall is expected to persist through the end of the fiscal year; and
3. The revenue shortfall is reasonably expected to persist for a period no longer than three years. A revenue shortfall expected to persist beyond three years shall be directly addressed in the current annual budget process through long-term budget measures.

Disbursements from the revenue stabilization account may include amounts budgeted in the general fund to supplement revenue shortfalls that occur in other city funds. Appropriations from this account are only approved by the standard emergency budget ordinance procedure.

Park Fund Reserve. The Parks Fund is overseen by an independent board of commissioners. This board approved a reserve of three percent of the annual budget to be maintained for emergencies, risk management and economic uncertainty. All appropriations from this reserve account require prior Parks Board approval unless previously specifically authorized for expenditure in the annual budget.

15. Encumbrances

The City establishes encumbrances to record the amount of purchase orders, contracts, and other

obligations which have not yet been fulfilled, cancelled, or discharged. Of the \$18.9 million in outstanding encumbrances at December 31, \$9.7 million were carried forward to the subsequent budget year as follows, and have been classified as assigned fund balance as follows:

Encumbrances	Amount
General Fund	\$ 2,236,471
Other Governmental Funds	7,501,945
Total	\$ 9,738,416

F. Other Significant Accounting Policies

Budgeting, Accounting and Reporting System (BARS)

The State of Washington Office of State Auditor was granted authority pursuant to the Revised Code of Washington (RCW 43.09.200 and 43.09.230) to prescribe the Budgeting, Accounting and Reporting System (BARS). The purpose of the BARS manual is to provide for uniformity in budgeting, accounting and reporting by all local government entities within the State of Washington. The City has established its own chart of accounts for accounting purposes and converts to BARS accounts for State reporting.

Note 2

Deposits and Investments

A. Deposits and Investments for the City of Spokane

The City has the authority to invest in both pooled investments (Treasurer's Cash Investments) and fund investments. The Chief Financial Officer has

the authority to determine the availability of funds for both pooled and fund investments and takes into consideration such needs as requests of individual fund managers, current cash needs, lead time, minimum investment amount and maturities necessary to avoid sacrifice of interest earnings. Interest earnings on Treasurer's Cash Investments are credited to the General Fund.

Deposits

At year end the carrying amount of the City's deposits was \$271.2 million. These deposits consisted of money market accounts at banks, bank savings, amounts deposited with Washington State's Local Government Investment Pool (LGIP) and checking accounts. All of these deposits are entirely insured by pledged collateral on deposit with the Washington State Public Deposit Protection Commission. Effective October 3, 2008, the basic limit on federal deposit insurance coverage was increased to \$250,000 per depositor.

Credit Risk

The credit risk of the LGIP is limited as most investments are either obligations of the US government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. Investments or deposits held by the LGIP are all classified as category one risk level investments. They are either insured or held by a third-party custody provider in the LGIP's name.

Custodial Credit Risk

Per GASB 40 guidelines the LGIP balances are also not subject to custodial credit risk. The Washington Public Deposit Protection Commission provides security for public treasurers by protecting public deposits which exceed the amount insured by the FDIC. Total deposits by a single treasurer may not exceed the depositary's Washington proportional net worth. A public depositary may accept public deposits in total not to exceed one and one-half times its Washington proportional net worth or thirty percent of total public funds on deposit statewide. If a depositary's public fund deposits exceed either of these limitations, it must collateralize excess deposits at one hundred percent. In

addition, a depositary must meet certain financial standards set by the Commission. Any public depositary which does not comply with these financial standards is required to collateralize all of its public deposits at one hundred percent.

Interest Rate Risk

The Local Government Investment Pool is an un-rated 2a-7 like pool, as defined by GASB 31. Accordingly, participants' balances in the LGIP are not subject to interest rate risk, as the weighted average maturity of the portfolio will not exceed 90 days.

Investments

As of December 31, 2013, the City of Spokane had the following investments:

Fund	Amount
U.S. government agencies	\$ 248,962,281
Local improvement district progress payments	1,475,479
Property acquisition fund bonds	11,014,065
Consolidated local improvement district bonds	2,520,709
Total	\$ 263,972,534

The weighted average maturity of the U.S. agency investments is 5.07 years. Progress warrants are issued in payment for construction projects for the City's local improvement districts. The warrants are interest bearing and are redeemed once long term bonds are issued following completion of the projects. All warrants are claims and liens against the property acquisition fund.

B. Deposits and Investments for the Spokane Employees' Retirement System (SERS)

Deposits

The Federal Deposit Insurance Corporation (FDIC) insures the cash deposits up to \$250,000 per member of the System. As provided by State of Washington RCW 43.84, the Washington Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of \$100,000.

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Deposit Type	Value
Cash held by Treasurer	\$ 192,910
Short term investments	1,523,566
Balance, December 31, 2013	\$ 1,716,476

Investments

The Spokane Employees' Retirement System's (the System) investment management policy is set by the Board of Administration. The investment policy sets strategic asset allocation targets and ranges for all approved asset classes. SERS' investments are governed by an investment authority known as the "prudent person rule." The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the System. SERS investments are categorized to give an indication of the level of risk assumed by the System at year end.

Investments of the pension trust funds are reported at fair market value. The Board of Administration maintains a formal Statement of Investment Policy, which addresses governing provisions and additional guidelines for the investment process. In fulfilling its responsibilities, the Board of Administration has contracted with investment managers, a custodian, and an independent investment consultant. Investment manager contracts include specific guidelines regarding the investments under management. The independent investment consultant monitors the fund on a regular basis and provides quarterly reports to staff and the Board. The SERS' chief investment officer (CIO), who also serves as the Retirement Director, also monitors the fund on a regular basis.

In 2007, the Board approved a new asset allocation, which includes an allocation to alternative investments. Funding of these limited partnerships began in late 2007 and continued into 2013. The term "alternative investments"

encompasses a broad category of nontraditional investments. Each alternative investment that SERS enters into has been carefully studied by the System's independent investment consultant and has been reviewed by staff and the Board. The asset allocation study that was modeled by the independent consultant demonstrated that alternative assets have negative correlations to traditional asset classes and are expected to add value to the portfolio, over time. The Director and Board believe that the use of alternative investments is a prudent approach to managing risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. Although the SERS' Investment Policy does not specifically address credit risk, this risk is mitigated by closely monitoring the credit quality ratings of its fixed income portfolios and by setting criteria for fixed income manager selection. SERS' fixed income assets are comprised of four mutual funds, which are non-rated. The fair market value of the mutual funds is \$45.4 million as of December 31, 2013.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution or bank failure, the System would not be able to recover the value of its deposits and investments that are in the possession of an outside party. Under Governmental Accounting Standard No. 40, Deposit and Investment Risk Disclosures guidelines, the System does not have exposure to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single issuer. The System does not have any investments from a single issuer (excluding investments in government fixed income securities) that represent more than 5% of the System's net assets.

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Interest Rate Risk

Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the SERS' Investment Policy does not specifically address interest rate risk, the System's fixed income portfolio is

professionally managed with an expected range of interest rate risk within the portfolio. In addition, the portfolio is closely monitored by the independent consultant and the CIO. The following table shows the System's fixed income assets by investment type, market value and average effective maturity as of December 31, 2013. The portfolio contains additional investments of \$203 million for a total portfolio of \$241.8 million.

Investment Type	Total Market Value	Average Effective Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Mutual funds					
PIMCO Low Duration	\$ 5,455,170	\$ -	\$ 5,455,170	\$ -	\$ -
Vanguard Short Term	6,190,509	-	6,190,509	-	-
American Beacon Flexible	9,817,479		9,817,479		
PIMCO Global	13,242,228	-	-	13,242,228	-
Metropolitan West	10,725,058	-	-	10,725,058	-
Total	\$ 45,430,444	\$ -	\$ 21,463,158	\$ 23,967,286	\$ -
Percentage	100.0%	0.0%	47.2%	52.8%	0.0%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At December 31, 2013, 22.4% of the System's portfolio is invested in international mutual funds and a limited partnership fund of funds, which primarily consist of foreign equities. The fair market value of the foreign securities is \$66.3 million as of

December 31, 2013. Additionally, SERS has \$13.2 million invested in an international/global fixed income fund, of which 55.7% is foreign fixed income holdings at December 31, 2013. The SERS' Investment Policy does not specifically address foreign currency risk; however, the System considers foreign currency risk during the selection and monitoring process of the fund managers.

C. Deposits and Investments for the Spokane Firefighters' Trust Fund**Schedule of Credit Risk**

Investment Type	Total Market Value	Investment Type			
		AAA	AA	A	BBB
U.S. government treasuries	\$ 3,486,765	\$ 3,486,765	\$ -	\$ -	\$ -
U.S. government agencies	-	-	-	-	-
Mortgage backed governmental passthrough	2,560,224	-	2,560,224	-	-
Governmental CMOs	3,533,141	659,891	2,873,250	-	-
Corporate notes and bonds	12,559,246	-	2,259,344	7,572,570	2,727,332
Asset backed securities	1,196,855	-	711,151	485,704	-
Total	\$ 23,336,231	\$ 4,146,656	\$ 8,403,969	\$ 8,058,274	\$ 2,727,332
Percentage	100.0%	17.8%	36.0%	34.5%	11.7%

Schedule of Interest Rate Risk

Investment Type	Total Market Value	Maturity			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
U.S. government treasuries	\$ 3,486,765	\$ 1,400,168	\$ 1,755,290	\$ 331,307	\$ -
U.S. government agencies	-	-	-	-	-
Mortgage backed governmental passthrough	2,560,224	-	162,701	1,552,207	845,316
Governmental CMOs	3,533,141	-	1,260,223	2,030,772	242,146
Corporate notes and bonds	12,559,246	155,928	11,974,626	428,692	-
Asset backed securities	1,196,855	-	-	1,196,855	-
Total	\$ 23,336,231	\$ 1,556,096	\$ 15,152,840	\$ 5,539,833	\$ 1,087,462
Percentage	100.0%	6.7%	64.9%	23.7%	4.7%

Note 3**Property Taxes**

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. The county assessor is responsible for determining what the individual property taxes are, based upon the monies requested by the taxing districts and the assessed valuation within these districts.

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second of two equal installment payments due

Property taxes are recorded as a receivable and revenue when levied. Property taxes collected in advance of the fiscal year to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. The City's regular levy for 2013 was \$3.03 per \$1,000 on an assessed valuation of \$14,954 million, for a total regular levy of \$45.3 million. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

Special levies approved by the voters are not subject to the limitations listed above. For 2013, the total levy for Emergency Medical Services was \$7.5 million.

Note 4**Capital Assets**

Capital asset activity for the year ended December 31, 2013 was as follows:

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Capital Assets	Jan 01, 2013 Beginning Balance	Increases	Decreases	Dec 31, 2013 Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 832,257,338	\$ 4,686,507	\$ (537,702)	\$ 836,406,143
Construction in progress	68,869,680	1,772,974	(38,818,283)	31,824,371
Total capital assets, not being depreciated	901,127,018			868,230,514
Capital assets, being depreciated:				
Buildings	86,647,994	2,090,885	(1,473,076)	87,265,803
Accumulated depreciation	(34,430,945)	(2,122,965)	24,314	(36,529,596)
Net buildings	52,217,049			50,736,207
Other improvements	69,083,859	14,128,292	(1,524,489)	81,687,662
Accumulated depreciation	(20,826,806)	(5,099,285)	(501,643)	(26,427,734)
Net other improvements	48,257,053			55,259,928
Machinery and equipment ¹	93,215,326	8,641,895	(5,315,362)	96,541,859
Accumulated depreciation	(59,521,113)	(6,008,323)	3,760,404	(61,769,032)
Net machinery and equipment	33,694,213			34,772,827
Infrastructure	959,260,817	44,528,145	(3,214,578)	1,000,574,384
Accumulated depreciation	(440,567,102)	(21,987,469)	2,153,974	(460,400,597)
Net infrastructure	518,693,715			540,173,787
Total Capital assets, being depreciated (net)	652,862,030			680,942,749
Governmental Activities, Capital Assets (net)	\$ 1,553,989,048			\$ 1,549,173,263

¹Capital asset from governmental funds transferred to internal service fund; beginning balance reduced accordingly since it's recorded as an increase in the proprietary funds.

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Capital Assets	Jan 01, 2013 Beginning Balance	Increases	Decreases	Dec 31, 2013 Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 15,030,979	\$ 44,048	\$ (423,811)	\$ 14,651,216
Construction in progress	55,261,083	28,777,140	(24,086,181)	59,952,042
Total capital assets, not being depreciated	70,292,062			74,603,258
Capital assets, being depreciated:				
Buildings	288,547,218	2,984,473	(179,541)	291,352,150
Accumulated depreciation	(165,226,225)	(8,998,637)	179,547	(174,045,315)
Net buildings	123,320,993			117,306,835
Other improvements	64,641,368	9,225,988	-	73,867,356
Accumulated depreciation	(28,127,262)	(3,621,059)	-	(31,748,321)
Net other improvements	36,514,106			42,119,035
Machinery and equipment	144,348,031	14,418,657	(2,788,756)	155,977,932
Accumulated depreciation	(77,758,416)	(9,309,603)	2,728,444	(84,339,575)
Net machinery and equipment	66,589,615			71,638,357
Infrastructure	458,121,138	11,633,348	(16,221,297)	453,533,189
Accumulated depreciation	(139,641,163)	(8,225,111)	940,361	(146,925,913)
Net infrastructure	318,479,975			306,607,276
Intangible assets	113,766	-	-	113,766
Accumulated amortization	(70,537)	(2,273)		(72,810)
Net intangible assets	43,229			40,956
Total Capital assets, being depreciated (net)	544,947,918			537,712,459
Business-Type Activities, Capital Assets (net)	\$ 615,239,980			\$ 612,315,717
DEPRECIATION				
Governmental Activities:				
General government				\$ 1,107,963
Public safety				4,269,721
Utilities environment				277,355
Transportation				23,081,175
Economic environment				781,610
Mental and physical health				-
Culture and recreation				5,612,694
Total Depreciation Expense - Governmental Activities				35,130,518
Business-Type Activities:				
Water/Sewer				\$ 19,014,834
Solid Waste				10,211,535
Other				930,317
Total Depreciation Expense - Business-Type Activities				30,156,686

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Note 5

PENSION PLANS

The City administers three single-employer, defined benefit retirement plans:

- Spokane Employees' Retirement System (SERS)
- Spokane Firefighters' Pension
- Spokane Police Relief and Pension

The Law Enforcement Officers' and Fire Fighters' (LEOFF) system is a contributory multi-employer cost-sharing system operated by the State of Washington.

The annual pension costs for the LEOFF system are determined in accordance with GASB Statements 25 and 27.

Basis of Accounting

Pension plans administered by the city are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized when incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan.

State and local governmental employers, with some exceptions, are required to measure and disclose an amount for annual pension cost in accordance with the standards described by GASB Statement 27 (Accounting for Pensions by State and Local Governments) and GASB Statement 50 (Pension Disclosures). The methods and assumptions required for financial reporting are the same methods and assumptions used in determining a plan's funding requirement, and are described in the publicly available actuarial reports for the three pension plans administered by the City of Spokane. Those reports may be obtained by writing to the Retirement Department, City Hall, 808 West Spokane Falls Blvd, Suite 604,

Spokane, Washington, 99201, or by calling (509) 625-6330.

The pension financial statements were prepared using the accrual basis of accounting. Employee and employer contributions, if required, are recorded as revenues in the period in which payroll is due and expenses are recorded when the corresponding liabilities are incurred. Interest income is recognized when earned.

Investments

All fixed income, common stock, and short-term investments are reflected in the statement of Plan net assets and are listed at fair market value. Short-term investments are reported at cost, which approximates fair value. Fixed income securities and common stock traded on national exchanges are valued at the last reported sales price. This market value methodology of pricing is performed by Interactive Data Corporation on a daily basis. Bloomberg and Merrill Lynch are also pricing sources. Investments that do not have an established market are reported at estimated fair value.

Certain investments, such as mutual funds and limited partnerships, net their management fees before the fund itself reports net investment income for the period. These investment expenses are netted against investment income in the Statement of Changes of Plan Net Assets to arrive at a net investment income amount.

No investments were made in loans to or leases with any Spokane Employees' Retirement System official, government employer official, or party related to a Spokane Employees' Retirement System official.

Each plan's investments may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

The investments of the Firefighters' Pension System are governed by an investment authority known as the "prudent person rule." The prudent person rule, as set forth by state statute, establishes a standard for all fiduciaries, which

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includes anyone who has authority with respect to the Plan.

The actuarial reports for the city-administered pension plans may be obtained by writing to City of Spokane Retirement Department, 808 West Spokane Falls Blvd., Suite 604, Spokane, Washington 99201.

Plan descriptions, funding policies, a table of employer contributions required and paid for defined benefit plans, schedules of funded status and funding progress, defined benefit pension plan valuations, annual pension cost, and three year trend information will follow in Note 6B through

Note 6H. Information related to changes in actuarial assumptions and methods, and changes in benefit provisions are provided in Note 6H. Details on plan net assets and changes in plan net assets of pension plans and other employee benefit funds administered by the city are presented in Note 6E.

Membership of each city administered plan as of the date of the last actuarial valuation for all plans (December 31, 2103 for Employees' Retirement System and December 31, 2012 for the Firefighters' and Police Pension Systems) is as follows:

Plans Administered by the City	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled To But Not Yet Receiving Benefits	Active Plan Members	Active Plan Members Non Vested	Total Members
Employees' Retirement System	1,180	98	1,422	-	2,700
Firefighters' Pension System	285	-	5	-	290
Police Pension System	230	-	2	-	232
Total	1,695	98	1,429	-	3,222

determined that there are no entities that require inclusion within its financial statements.

B. PLAN DESCRIPTIONS

Spokane Employees' Retirement System

The Spokane Employees' Retirement System (SERS) is a single employer defined benefit pension plan covering employees of the City of Spokane, administered in accordance with Chapters 3.05 and 4.14 of the Spokane Municipal Code (SMC).

SERS is a pension trust fund of the City of Spokane and is presented within the fiduciary funds of the City's comprehensive annual financial report. SERS has separate legal standing. The City is financially accountable for SERS because a financial burden is imposed on the City using the criteria of financial accountability. SERS has

All permanent employees of the City, including employees of the Plan, are eligible to belong to SERS with the exception of police and firefighters who are members of the Washington State Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

SERS provides retirement, death, and disability benefits. All employees hired on or before December 31, 2008 who participate in SERS are eligible for service retirement after completing five years of service if they are age 50 or older. Their retirement benefits are calculated by multiplying 2.15% of the member's highest consecutive two-year average salary by the member's years of creditable service, not to exceed 64.5%. All employees hired on or after January 1, 2009 who

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participate in SERS are eligible for service retirement after completing five years of service and are age 50 or older; however, this group of employees must have their age plus years of service equal to 75 before they can draw a pension. Their retirement benefits are calculated by multiplying 2.0% of the member's highest consecutive two-year average salary by the member's years of creditable service, not to exceed 70.0%. Employees hired prior to January 1, 2009, have a choice at retirement of choosing a 2.15% multiplier with a service cap of 30 years or a 2.0% multiplier with a service cap of 35 years. In addition, the normal retirement age for the Plan is 62. For either group, benefits may be reduced according to the retirement annuity option selected.

Firefighters' Pension Plan

The Firefighters' Pension System is a single-employer defined benefit pension plan established and administered by the city in accordance with the requirements of the Revised Code of Washington.

The plan provides retirement and medical benefits to all firefighters who were hired prior to March 1, 1970 (Pre-LEOFF officers). Firefighters hired on or after March 1, 1970 but before October 1, 1977, (LEOFF I officers) receive their pensions from the State of Washington and medical coverage from the City of Spokane. Firefighters hired after October 1, 1977 (LEOFF II officers) are not covered by these plans. According to RCW 41.26.090 "Any member having five or more service credit years and having attained the age of fifty years shall be eligible for a service retirement allowance and shall be retired upon the member's written request effective the first day following the date upon which the member is separated from service."

The plan provides death, disability, and medical benefits. The City is responsible for the medical expenses for active and retired employees covered under this plan.

There are 7 active firefighters and 291 firefighter retirees receiving benefits as of December 31, 2012, the date of the last actuarial valuation.

Police Pension System

The Police Relief and Pension System is a single-employer defined benefit pension plan established and administered by the city in accordance with the requirements of the Revised Code of Washington.

The plan provides retirement and medical benefits to all uniformed police who were hired prior to March 1, 1970 (Pre-LEOFF officers). Police hired on or after March 1, 1970 but before October 1, 1977, (LEOFF I officers) receive their pensions from the State of Washington and medical coverage from the City of Spokane. Police hired after October 1, 1977 (LEOFF II officers) are not covered by these plans. According to RCW 41.26.090 "Any member having five or more service credit years and having attained the age of fifty years shall be eligible for a service retirement allowance and shall be retired upon the member's written request effective the first day following the date upon which the member is separated from service."

The plan provides death, disability, and medical benefits. The City is responsible for the medical expenses for active and retired employees covered under this plan.

There are 2 active police and 232 police retirees receiving benefits as of December 31, 2012, the date of the last actuarial valuation.

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plans 1 and 2

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

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LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has

held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If there is an eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced

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benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012.

LEOFF	Total Members
Retirees and Beneficiaries Receiving Benefits	10,189
Terminated Members Entitled To But Not Yet Receiving Benefits	689
Active Plan Members Vested	14,273
Active Plan Members NonVested	2,633
Total	27,784

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C. FUNDING POLICIES

The tables at the end of this section provide the required contribution rates for all plans (expressed as a percentage of current year covered payroll) at the close of December 31, 2013.

At year end, the Employees' Retirement System had unfunded commitments of \$4.1 million to three limited partnership real estate funds and one limited liability company's royalties investment fund.

Employees' Retirement System

Member and employer contribution rates are established by SMC Chapter 4.14. The funding of SERS is currently based on the entry age normal method. SERS funding objective is to achieve and maintain an actuarial liability funded status between 90% and 110%. Member contributions are 7.75% of eligible compensation and are deducted from the member's salary and paid into the retirement fund; the City contributes 7.75% of eligible compensation for a combined total of 15.50%. It is contemplated that the contribution by the City will, when added to the member's contribution, plus other revenues, be enough to properly fund the retirement benefits set forth. Contributions from employees and the employer were \$13.4 million in 2013 and \$13.9 million in 2012.

There are no long-term contracts for contributions outstanding and no legally required reserves.

Firefighters' Pension System

For the Police Relief and Pension Fund, all benefits are funded on a pay-as-you-go basis. The City of Spokane is obligated by ordinance and RCW to make all required contributions to the plans. The major sources of funding for the Firefighters' Pension fund are property taxes, investment earnings, and the State fire insurance premium tax. Currently, there are no required employee contributions made to these pension plans.

The plan is partially funded with \$26.6 million in total net assets.

Police Pension System

The City of Spokane is obligated by ordinance and RCW to make all required contributions to the plans. The major source of funding for the Police Pension fund is local retail sales and use tax. Currently, there are no required employee contributions made to these pension plans.

All benefits are funded on a pay-as-you-go basis.

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plans 1 and 2

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS' fiscal year 2013, the state contributed \$54.2 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

City of Spokane

Actual Contribution Rates	Employer	Employee	State
Employees' Retirement System ¹	7.75%	7.75%	N/A
Firefighters' Pension System	0.16%	0.00%	N/A
Police Pension System	0.16%	0.00%	N/A
LEOFF 1 ²	0.18%	0.00%	N/A
LEOFF 2 ²	5.23%	8.41%	3.36%
¹ The annual required contribution was developed to equal actual employer contributions, if possible. If not, the maximum allowable amortization period is used. Because the contribution rates are fixed, the effective amortization period for the unfunded accrued liability will change over time as actual experience emerges that is different from the actuarial assumptions.			
² The employer rate includes the employer administrative expense fee currently set at 0.18%.			

D. EMPLOYER CONTRIBUTIONS PAID

The following table presents the city's contributions to cost-sharing plans in accordance with the funding policy.

There are no long term contracts for contributions for any of the retirement plans administered by the city.

Actual Contributions	2013	2012	2011
Employees' Retirement System	6,715,376	6,937,750	6,799,258
Firefighters' Pension System	2,183,389	439,804	-
Police Pension System	845,079	869,885	849,157
LEOFF 1	1,304	1,853	2,343
LEOFF 2	2,740,733	2,717,510	2,801,443

E. FUNDED STATUS AND FUNDING PROGRESS

The funded status of each plan as of the most recent actuarial valuation date (December 31, 2103

for the Employees' Retirement System and December 31, 2012 for the Firefighters' and Police Pension Systems) is as follows:

City of Spokane

Pension Funding Status (in thousands)	Employees' Retirement System ¹	Firefighters' Pension System	Police Pension System
Actuarial value of plan assets	\$ 261,605	\$ 12,571	\$ 664
Actuarial accrued liability (AAL)	381,039	25,755	10,599
Unfunded actuarial accrued liability (UAAL)	119,434	13,184	9,935
Funded ratio	68.7%	49%	6%
Covered payroll	87,337	N/A	N/A
UAAL as a percentage of covered payroll	136.75%	N/A	N/A

¹ The SERS Board can grant an ad-hoc performance adjustment under the following conditions: (1) if the actuarial accrued liability (AAL) funded ratio is more than 90%; (2) if the AAL associated with the ad-hoc increase does not cause the AAL funded ratio to drop below 90%; and (3) the combined employer and employee contribution rates are sufficient to fund the unfunded accrued liabilities as increased by the cost of the ad-hoc adjustment over a period not to exceed the maximum allowable GASB amortization period (currently 30 years). Further information can be found in City of Spokane Municipal Code 03.05.160.

Defined Benefit Plans Administered by the City

Employees' Retirement System

As of December 31, 2013, the actuarial liability funded ratio is 68.7%, an increase from 66.2% as of December 31, 2012. The funded ratio is the ratio of the actuarial value of assets to the actuarial liability. The actuarial value of assets recognizes market gains and losses over a period of five years. The 2013 increase in the funded status is primarily attributable to investment return on the smoothed fair value of the assets being greater than the assumed rate of return (refer to the Asset Valuation Method in the table below). For historical information on the funded ratio and other actuarial funding data, refer to the Schedule of Funding Progress in the Required Supplemental Information that follows the notes to the financial statements.

Police Pension System

For the Police Pension System, the actuary presents a cash flow projection.

Firefighters' Pension System

As of December 31, 2012, the actuarial liability pension funded status ratio is 49%, which increased 1 percentage point from December 31, 2010. Refer to the Schedule of Funding Progress, which follows the notes to the financial statements, in the Required Supplemental Information historical information on the funded ratio and other actuarial funding data.

For the Firefighters' Pension System, both a cash flow projection and an actuarial funding plan to liquidate any unfunded liabilities are presented by the actuary.

The information was determined as part of the actuarial valuations at the dates indicated below. Additional information as of the latest valuation follows:

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	Employees' Retirement System	Firefighters' Pension System	Police Pension System
Valuation date	12/31/2013	12/31/2012	12/31/2012
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method			
Funding	Level % of pay over not more than 30 years	30-year, closed as of January 1, 2007	30-year, closed as of January 1, 2007
Remaining amortization years (closed)			
Asset valuation method	Expected value method with 5-year smoothing and 90-110% market value corridor	Fair market value	Fair market value
Actuarial assumptions			
Investment rate of return	7.5%	4.0%	3.0%
Projected salary increases	0.0-10.0% ¹	2.5%	2.5%
Includes inflation at Cost of living adjustments	3.0%	2.5%	2.5%
	0.0%	Based upon 3.5% increase assumption when appropriate, for PPF benefits.	Based upon 3.5% increase assumption when appropriate, for PPF benefits.
		Based upon inflation assumption for some PPF benefits and all LEOFF benefits.	Based upon inflation assumption for some PPF benefits and all LEOFF benefits.
¹ 0% for members with more than 5 years of services in years 2013, 2014 and 2015. Otherwise, ranges from 3.0% for employees with 16 or more years of service to 10.0% for employees with less than two years of service			

F. ANNUAL PENSION COST AND OTHER RELATED INFORMATION

Current year annual pension cost, net pension obligation (NPO), and related information for the current year for city's defined benefit plans are as follows:

City of Spokane

Annual Pension Cost and Net Pension Obligation	Employees' Retirement System	Firefighters' Pension System	Police Pension System
Annual required contribution	\$ 8,237,317	\$ 864,697	\$ 586,637
Interest on NPO	-	53,173	63,693
Adjustment to annual required contribution ¹	449,847	(83,832)	(121,712)
Annual pension cost	8,687,164	834,038	528,618
Employer contributions	(6,715,376)	(2,183,389)	(845,079)
Increase (Decrease) in NPO	1,971,788	(1,349,351)	(316,461)
NPO - beginning of year	19,321,508	1,329,314	2,123,093
NPO - end of year	\$ 21,293,296	\$ (20,037)	\$ 1,806,632
¹ Estimated			

G. THREE YEAR HISTORICAL TREND

The following table presents three-year trend information for the city's single employer defined benefit plans:

Single Employer Plans	2013	2012	2011
Employees' Retirement System			
Annual pension cost	\$ 8,687,164	\$ 8,733,963	\$ 10,336,556
% of APC contributed	77.3%	79.4%	65.8%
NPO	\$ 21,293,296	\$ 19,321,508	\$ 17,525,295
Firefighters' Pension System			
Annual pension cost	\$ 834,038	\$ 1,058,312	\$ 1,076,751
% of APC contributed	261.8%	41.6%	0.0%
NPO	\$ (20,037)	\$ 1,329,314	\$ 710,806
Police Pension System			
Annual pension cost	\$ 528,618	\$ 684,544	\$ 684,429
% of APC contributed	159.9%	127.1%	124.1%
NPO	\$ 1,806,632	\$ 2,123,093	\$ 2,308,434

H. CHANGES IN BENEFIT PROVISIONS

There were no changes in benefit provisions for the fiscal year 2013 reporting period.

Note 6

Other Postemployment Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement 45 during the year ended December 31, 2007, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2007 liability.

Plan Description

The Firefighters' and Police Pension Systems are single-employer defined benefit pension funds established and administered by the City in accordance with the requirements of the Revised Code of Washington. The other postemployment benefit plans are accounted for in these funds.

The Police and Fire other postemployment benefit plans provide medical benefits to all firefighters and uniformed police who were hired prior to March 1, 1970. Police and firefighters hired on or after March 1, 1970, but before October 1, 1977, receive their pensions from the State of Washington and medical coverage from the City

of Spokane. Police and firefighters hired after October 1, 1977, are not covered by these plans.

Both plans provide death, disability and medical benefits. As of the most recent actuarial valuation date, there are 2 active police officers and 7 active firefighters covered under these plans as of December 31, 2012. In addition, there are 190 police and 240 firefighter retirees and beneficiaries receiving benefits from the two plans.

The city is responsible for the medical expenses for active and retired employees covered under these plans. For the Police OPEB Plan, all benefits are funded on a pay-as-you-go basis. The Firefighters' OPEB Plan is partially funded with \$25.3 million in total net assets.

Funding Policy

The city is obligated by ordinance and the Revised Code of Washington to make all required contributions to the plans. The major sources of funding for these plans are property taxes, investment earnings, the State fire insurance premium tax, local retail sales and use tax. There are no required employee contributions made to these plans.

Refer to the Schedule of Funding Progress, which follows the notes to the financial statements, in the Required Supplemental Information historical information on the funded ratio and other actuarial funding data.

Funded Status (in thousands)	Firefighters' OPEB	Police OPEB
Actuarial valuation date	12/31/2012	12/31/2012
Actuarial value of plan assets	\$ 12,576	\$ -
Actuarial accrued liability (AAL)	62,779	73,197
Unfunded actuarial accrued liability (UAAL)	50,203	73,197
Funded ratio	20%	0%
Covered payroll	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A

Annual Required Contribution

Firefighters' Pension System	2013	2012	2011
1 Annual normal cost, beginning of year	\$ 80,932	\$ 172,224	\$ 172,224
2 Amortization of UAAL, beginning of year	3,166,015	4,643,319	4,643,319
3 Interest through end of year $=((1+2)*i)$	129,878	240,777	240,777
4 Annual required contribution $=((1+2+3))$	3,376,825	5,056,320	5,056,320
5 Interest on net OPEB obligation	-	2,175	-
6 Adjustment to annual required contribution	-	(2,939)	-
7 Annual OPEB cost $=((4+5-6))$	3,376,825	5,055,556	5,056,320
8 Employer contributions	(3,376,825)	(5,099,046)	(5,012,830)
9 Change in net OPEB obligation $=((7+8))$	-	(43,490)	43,490
10 Net OPEB obligation at beginning of year	-	43,490	-
11 Net OPEB obligation at end of year $=((9+10))$	-	-	43,490
12 Percentage funded $=((8/7))$	100%	101%	99%

Police Pension System	2013	2012	2011
1 Annual normal cost, beginning of year	\$ 56,649	\$ 171,760	\$ 171,760
2 Amortization of UAAL, beginning of year	4,196,207	5,478,797	5,478,797
3 Interest through end of year $=((1+2)*i)$	127,586	226,022	226,022
4 Annual required contribution $=((1+2+3))$	4,380,442	5,876,579	5,876,579
5 Interest on net OPEB obligation	315,814	305,026	187,987
6 Adjustment to annual required contribution	(603,495)	(469,359)	(282,737)
7 Annual OPEB cost $=((4+5-6))$	4,092,761	5,712,246	5,781,829
8 Employer contributions	(2,496,290)	(2,810,780)	(2,855,843)
9 Change in net OPEB obligation $=((7+8))$	1,596,471	2,901,466	2,925,986
10 Net OPEB obligation at beginning of year	10,527,125	7,625,659	4,699,673
11 Net OPEB obligation at end of year $=((9+10))$	12,123,596	10,527,125	7,625,659
12 Percentage funded $=((8/7))$	61%	49%	49%

Actuarial Information and Significant Actuarial Assumptions

The actuarial assumptions are intended to estimate the future experience of the members of the above mentioned plans.

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	Firefighters' Pension System	Police Pension System
Valuation date	12/31/2012	12/31/2012
Actuarial cost method	Entry age normal	Entry age normal
Amortization method		
Funding	30 years	30 years
Remaining amortization years (closed)	25 (January 1, 2007)	25 (January 1, 2007)
Asset valuation method	Fair market value	Fair market value
Actuarial assumptions		
Investment rate of return	4.0%	3.0%

Note 7

Risk Management

The City is self-insured for Unemployment Insurance, Workers' Compensation, General Liability, and Medical/Dental benefits. Unrestricted net position (assets less liabilities) in the self-insurance funds as of December 31, 2013 and 2012 are as follows:

Fund	2013	2012
Risk Management	\$ 516,488	\$ 735,840
Workers' Compensation	1,926,484	1,686,076
Unemployment Insurance	903,949	1,045,959
Employee Benefits	13,952,504	11,859,908
	\$ 17,299,425	\$ 15,327,783

The City carries the following excess insurance coverages.

Workers' Compensation

The City carries statutory limits for excess Workers' Compensation insurance above its self-insured retention of \$1,000,000.

General and Automobile Liability

The City carries \$10 million excess general and automobile liability insurance above its self-insured retention of \$1,000,000.

Property/Boiler and Machinery

The City carries \$100 million loss limit for all risk property insurance and carries boiler and machinery insurance, with a deductible of \$10,000, and coverage up to \$100 million loss limits. The City also carries property coverage for its hydro dam in the amount of \$100 million, with a \$1 million self-insured retention, and property coverage of the Riverside Park Water Reclamation Facility in the amount of \$246.2 million, with a \$1 million self-insured retention. In addition, the hydro dam and the Riverside Park Water Reclamation Facility have boiler and machinery coverage up to \$1 million, with a \$100,000 deductible, under the City's Boiler and Machinery policy.

Claims Liability Valuation

In 2013 the City conducted an actuarial review to determine the estimated claims liability for the Risk Management and Workers' Compensation funds. The estimated loss reserves for the Risk Management fund totaled \$6.8 million and the Workers' Compensation fund totaled \$8.6 million. The Employee Benefits fund reported IBNR (incurred but not reported) claims of \$2.0 million for 2013. Claims expenses are recognized in the Employee Benefits and the Unemployment Insurance funds for claims processed through the fiscal year end. No IBNR claims are reported in the Unemployment Insurance Fund. All self-

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insured funds are responsible for collecting interfund premiums and for paying claims settlements. Interfund premiums are assessed on the basis of exposure and claims experience and are reported as revenues and expenses.

Changes in the balances of claims liabilities during the past two years are as follows:

Risk Management	2013	2012
Balance, January 1	\$ 4,875,423	\$ 5,469,062
New claims incurred	1,533,751	1,061,195
Adjustments for prior claims	(358,024)	3,260,666
Claims payable	(2,796,352)	(4,915,501)
Balance, December 31	\$ 3,254,798	\$ 4,875,422

Workers' Compensation	2013	2012
Balance, January 1	\$ 4,927,806	\$ 4,159,257
New claims incurred	1,704,828	1,515,117
Adjustments for prior claims	2,408,780	2,260,948
Claims payable	(4,447,653)	(3,007,516)
Balance, December 31	\$ 4,593,761	\$ 4,927,806

Note 8

Short-Term Debt

At December 31, 2013, the City had \$1.4 million of local improvement district (LID) progress warrants outstanding. As construction is done on LID projects, progress warrants are issued to contractors. The city treasurer disburses funds to the contractors and carries the progress warrants as treasurer's cash investments. When special assessment bonds are sold, the progress warrants are redeemed. The current progress warrants have interest rates ranging from 2.29% to 4.47%.

A summary of progress warrant activity for 2013 follows:

Progress Warrants	2013
Balance, January 1, 2013	\$ 1,466,159
Progress warrants issued	2,436,525
Progress warrants redeemed	(2,427,205)
Balance, December 31, 2013	\$ 1,475,479

Note 9

Long-Term Liabilities

A. Long Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$226,301,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and normally financed from general revenues (councilmanic bonds).

General obligation bonds currently outstanding at December 31, 2013 are as follows:

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Name of Issuance	Purpose	Interest Rate	Debt Outstanding
LTGO 2003B	Governmental Activities	1.50% - 5.25%	5,950,000
UTGO 2004	Governmental Activities	3.00% - 5.25%	7,705,000
LTGO 2005A	Governmental Activities	5.00%	5,720,000
LTGO 2005B	Governmental Activities	4.34% - 5.34%	18,685,000
UTGO 2005	Refunding - Governmental Activities	3.00% - 4.00%	1,380,000
UTGO 2007	Governmental Activities	4.00% - 5.00%	39,680,000
UTGO 2008	Governmental Activities	3.50% - 5.00%	35,160,000
UTGO 2010A	Governmental Activities	2.00% - 6.13%	38,710,000
Total general obligation bonds			\$ 152,990,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2014	9,700,000	7,277,133	16,977,133
2015	8,330,000	6,869,913	15,199,913
2016	8,280,000	6,515,530	14,795,530
2017	8,665,000	6,158,175	14,823,175
2018	9,580,000	5,789,590	15,369,590
2019-2023	55,265,000	22,384,962	77,649,962
2024-2028	42,514,059	8,450,142	50,964,201
2029-2033	10,202,228	863,666	11,065,894
Total	\$ 152,536,287	\$ 64,309,111	\$ 216,845,397

Business-Type Activities			
Year	Principal	Interest	Total
2014	-	45,188	45,188
2015	-	45,188	45,188
2016	-	45,188	45,188
2017	-	45,188	45,188
2018	-	45,188	45,188
2019-2023	-	225,940	225,940
2024-2028	155,941	224,005	379,946
2029-2033	297,772	44,833	342,605
Total	\$ 453,713	\$ 720,717	\$ 1,174,430

City of Spokane

The City of Spokane has also received government and other loans to provide for the acquisition and construction of capital projects and other purposes.

Government and other loans outstanding at year-end are as follows:

Name of Issuance	Purpose	Interest Rate	Debt Outstanding
Public Works Trust Fund Loans	Governmental & Business Type Activities	.50% - 3.00%	\$ 8,730,543
State Community Development Loans	Governmental Activities	0.00%	325,000
State Revolving Loans	Business Type Activities	1.50% - 2.90%	2,528,290
Total government and other loans			\$ 11,583,833

The annual debt service requirements to maturity for government and other loans outstanding are as follows:

Governmental Activities			
Year	Principal	Interest	Total
2014	112,917	5,399	118,316
2015	112,917	4,834	117,751
2016	112,917	4,270	117,187
2017	112,917	3,705	116,622
2018	112,917	3,141	116,058
2019-2023	456,397	7,504	463,902
2024-2028	58,824	294	59,118
2029-2033	-	-	-
2034-2038	-	-	-
2039-2043	325,000	-	325,000
Total	\$ 1,404,806	\$ 29,148	\$ 1,433,954

Business-Type Activities			
Year	Principal	Interest	Total
2014	1,259,289	122,836	1,382,125
2015	1,217,903	113,964	1,331,867
2016	1,057,308	102,138	1,159,446
2017	1,060,434	86,739	1,147,173
2018	914,508	71,267	985,775
2019-2023	3,054,760	235,909	3,290,669
2024-2028	1,237,731	98,680	1,336,411
2029-2033	340,346	25,559	365,905
2034-2038	36,748	1,071	37,819
Total	\$ 10,179,027	\$ 858,163	\$ 11,037,190

City of Spokane

Special Assessment Bonds

Special assessment bonds outstanding at December 31, 2013 were \$640,000. Generally, the outstanding amount includes term bonds with an

estimated amount of bonds to be retired each year. Bonds will be called yearly, as monies are available from the collection of property assessments.

Name of Issuance	Issue Date	Maturity	Interest Rate	Debt Outstanding	Due Within One Year
CLUD 209	3/15/2002	3/15/2014	5.50%	40,000	40,000
CLUD 213	7/1/2004	7/1/2026	5.00%	160,000	13,333
CLUD 214	8/15/2005	8/15/2015	4.376%	75,000	25,000
CLUD 215	8/1/2006	8/1/2016	4.50%	90,000	22,500
CLUD 217	8/15/2007	8/15/2017	4.60%	275,000	55,000
Total special assessment bonds				\$ 640,000	\$ 155,833

Revenue Bonds

The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are issued to finance the acquisition and construction of capital projects, and are created by ordinance, adopted by the City Council, and financed from enterprise fund revenues. The original amount of revenue bonds issued in prior years was \$3,380,000. There are no revenue bonds outstanding at year-end.

In proprietary funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

At December 31, 2013, the City has \$6.1 million available in debt service funds to service the general bonded debt.

B. Changes in Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

City of Spokane

Long-Term Liabilities	Outstanding 01/01/13	Additions	Reductions	Outstanding 12/31/13	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds	\$ 163,136,287	\$ -	\$ (10,600,000)	\$ 152,536,287	\$ 9,700,000
Deferred amounts:				-	
Bond premiums at issuance	3,851,684	-	(191,682)	3,660,002	390,915
Bond premiums on refunding	277,085	-	(200,459)	76,626	32,287
Special assessment debt with governmental commitment	965,000	-	(325,000)	640,000	155,833
Government loans	1,614,579	-	(209,773)	1,404,806	112,916
Claims and judgements	17,950,549	92,922	(690,747)	17,352,724	17,352,724
OPEB (other postemployment benefit) liability	10,527,125	2,565,091	-	13,092,216	-
Compensated absences	17,284,503		(2,274,496)	15,010,007	1,143,447
Total long term liabilities - governmental activities	\$ 215,606,812	\$ 2,658,013	\$ (14,492,157)	\$ 203,772,668	\$ 28,888,122
BUSINESS-TYPE ACTIVITIES					
Bonds:					
General obligation bonds	453,713	-	-	453,713	-
Revenue bonds	520,000	-	(520,000)	-	-
Deferred amounts:					
Bond premiums at issuance	-	-	-	-	-
Bond premiums on refunding	(5,040)	5,040	-	-	-
Total bonds payable	968,673	5,040	(520,000)	453,713	-
Government loans	11,167,657	380,591	(1,369,221)	10,179,027	1,259,289
Landfill liabilities:					
Landfill closure	1,678,396	11,264	-	1,689,660	-
Post closure monitoring	13,613,291	1,783	(2,446,554)	11,168,520	-
Compensated absences	4,903,811	287,262	(274,280)	4,916,793	237,512
Total long term liabilities - business-type activities	\$ 32,331,828	\$ 685,940	\$ (4,610,055)	\$ 28,407,713	\$ 1,496,801

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$2

million of internal service funds compensated absences are included in the above amounts.

Legal Debt Margin

For purposes of determining the legal debt margin, the assessed valuation of the City for year 2013 is \$14,954,871,525. Under State of Washington statutes, general obligation indebtedness pursuant

to a vote of the electorate is limited to 2.5% of actual value of taxable property located within the City. Indebtedness without a vote of the people is limited to 1.5% of actual value subject to the limitation that total general purpose indebtedness may not exceed 2.5% of total valuation. There is a 2.5% limitation each for utility purposes and open space and park facilities purposes.

City of Spokane

Legal Debt Margin	Total
General purpose voted and non-voted debt ¹	\$ 234,666,915
Utility voted debt - 2.5%	373,871,788
Open space and park facilities voted debt - 2.5%	337,331,788
Total remaining debt capacity	\$ 945,870,491
¹ Includes \$165,737,071 debt capacity for non-voted debt	

C. Leases

Operating Leases

The City entered into a long-term operating lease agreement with the Spokane Airport Board, an agency of the City and County of Spokane, for the site of the Spokane Regional Waste to Energy Facility. The lease, as amended, provides for the following rental payments:

Effective May 1, 2011 the City pays \$0.085 cents per square foot for 1,608,887 feet.

The City has the option of renewing the lease for four consecutive five-year periods subject to certain conditions. The lease ends April 30, 2018. Lease payments for the year ended December 31, 2013 amounted to \$136,755.

The City entered into long term lease contracts with Xerox Corporation for two printers and Copiers

Northwest for copy machines. Lease payments for the year ended December 31, 2013 were \$168,962.

Future Years Lease Payments	Total
2014	\$ 316,426
2015	316,426
2016	316,426
2017	136,755
2018	45,585
Total minimum future rental payments	\$ 1,131,620

Note 10**Interfund Balance and Transfers****A. Interfund Balances**

Due to other funds and due from other funds result from goods issued, work performed or services rendered to or for the benefit of another fund of the

same government. Interfund balances at December 31, 2013 were as follows:

City of Spokane

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 5,256,194	\$ 985,599
Nonmajor Governmental Funds	2,515,268	1,874,702
Water/Sewer Fund	935,432	5,054,136
Solid Waste Fund	661,859	2,395,568
Nonmajor Enterprise Funds	160,972	117,009
Internal Service Funds	2,926,243	2,028,954
Fiduciary Funds	-	-
Total Government Wide	\$ 12,455,968	\$ 12,455,968

B. Interfund Loans

Interfund loans for 2013 are as follows:

Loan To:	Loan From:
Property Acquisition Fund	Spokane Investment Pool¹
Riverfront Conservation Area	2,567,489
Gardner Building	1,544,397
Alki Building	2,386,807
University District Gateway	3,689,797
West Plains Fire Station	825,575
CLID 217	366,900
CLID 218	124,022
CLID 219	287,883
CLID 220	174,658
CLID 221	214,027
CLID 222	1,353,219
Progress Warrants (Note 8)	1,475,479
Less Agency Fund Portion	(107,028)
Total	\$ 14,903,225

¹The Spokane Investment Pool is allowed to invest up to 10% of its balance in City of Spokane bonds. Loans from this pool provide funds with which to pay the cost of acquiring property for public purposes.

City of Spokane

C. Interfund Transfers

Interfund transfers for 2013 are as follows:

Transfer From:	Transfer To:						
Fund	General Fund	Street Fund	Park Fund	Parking Meter Fund	Public Safety & Judicial Grants Fund	Intermodal Fund	CD/HS Operations Fund
General Fund	\$ -	\$ 11,923,604	\$ 12,596,517	\$ 690,008	\$ 46,095	\$ 71,369	\$ -
Street Fund	-	-	-	-	-	-	-
Park Fund	-	-	-	-	-	-	-
Parking Meter Fund	-	-	-	-	-	-	-
Real Estate Excise Tax Fund	-	400,000	-	-	-	-	-
Community Development Fund	-	-	-	-	-	-	-
CDBG Program Fund	-	-	40,000	-	-	-	-
Home Rehabilitation Fund	-	-	-	-	-	-	-
Rental Rehabilitation Fund	-	-	-	-	-	-	475,000
WIA Funds (various)	946	-	-	-	-	-	-
Special Assessment [Debt] Fund	-	-	-	-	-	-	-
Special Assessment Guaranty Fund	400,000	-	-	-	-	-	-
Iron Bridge TIF Debt Service	-	-	-	-	-	-	-
University District Debt Service	-	-	-	-	-	-	-
Arterial Street Fund	-	1,300,000	-	-	-	-	-
Special Assessment Construction Fund	-	-	-	-	-	-	-
Capital Improvements 2004 Fund	-	-	-	-	-	-	-
Water/Sewer Fund	-	-	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-	-	-
Golf Fund	-	-	-	-	-	-	-
Building Services Fund	-	-	-	-	-	-	-
Fleet Services Fund	-	-	-	-	-	-	-
Public Works & Utilities Fund	-	-	-	-	-	-	-
Information Technology Fund	-	-	-	-	-	-	-
Accounting Services Fund	-	-	-	-	-	-	-
Risk Management Fund	-	-	-	-	-	-	-
Property Acquisition Fund	-	-	-	-	-	-	-
Total	\$ 400,946	\$ 13,623,604	\$ 12,636,517	\$ 690,008	\$ 46,095	\$ 71,369	\$ 475,000

City of Spokane

Transfer From:	Transfer To:							
Fund	Community Development Block Grant Program Fund	Community Development Block Grant Revolving Fund	WIA Funds	GO Bond Redemption Fund	Special Assessment Debt Fund	Information Technology Fund	Property Acquisition Fund	Total
General Fund	\$ -	\$ -	1,016	\$ 1,025,559	\$ -	\$ -	\$ 1,429,170	\$ 27,783,338
Street Fund	-	-	-	1,456,056	8,336	-	-	1,464,392
Park Fund	-	-	-	160,054	6,595	-	-	166,649
Parking Meter Fund	-	-	-	2,279,085	-	-	-	2,279,085
Real Estate Excise Tax Fund	-	-	-	-	-	-	-	400,000
Community Development Fund	-	11,465	-	-	-	-	-	11,465
CDBG Program Fund	-	-	-	-	-	-	368,105	408,105
Home Rehabilitation Fund	277,662	82,544	-	-	-	-	-	360,206
Rental Rehabilitation Fund	-	-	-	-	-	-	-	475,000
WIA Funds (various)	-	-	1,623	-	-	-	-	2,569
Special Assessment [Debt] Fund	-	-	-	-	-	-	557,513	557,513
Special Assessment Guaranty Fund	-	-	-	-	-	-	-	400,000
Iron Bridge TIF Debt Service	-	-	-	42,751	-	-	-	42,751
University District Debt Service	-	-	-	-	-	-	224,655	224,655
Arterial Street Fund	-	-	-	-	-	-	-	1,300,000
Special Assessment Construction Fund	-	-	-	-	-	-	111	111
Capital Improvements 2004 Fund	-	-	-	-	1,425	-	1,585,338	1,586,763
Water/Sewer Fund	-	-	-	-	-	20,400	-	20,400
Solid Waste Fund	-	-	-	-	-	3,672	-	3,672
Golf Fund	-	-	-	22,690	-	-	-	22,690
Building Services Fund	-	-	-	-	-	2,520	-	2,520
Fleet Services Fund	-	-	-	7,545	-	-	-	7,545
Public Works & Utilities Fund	-	-	-	-	-	3,558	-	3,558
Information Technology Fund	-	-	-	201,078	-	-	-	201,078
Accounting Services Fund	-	-	-	-	-	2,604	-	2,604
Risk Management Fund	-	-	-	172	-	-	-	172
Property Acquisition Fund	-	-	-	-	-	7,705	-	7,705
Total	\$ 277,662	\$ 94,009	\$ 2,639	\$ 5,194,990	\$ 16,356	\$ 40,459	\$ 4,164,892	\$ 37,734,546

City of Spokane

Note 11

Joint Ventures

The City participates in two joint ventures. These are the Spokane International Airport and the Spokane Regional Transportation Council (SRTC). The City does not contribute any monies toward the operation of the Spokane International Airport. General fund monies are contributed to support the Spokane Regional Transportation Council. In 2013, \$15,000 was paid to the Spokane Regional Transportation Council.

Spokane International Airport is jointly operated by the City and County of Spokane through a joint operating agreement in accordance with the "Airport Joint Operating Agreement", which was last amended February 2, 2010. This agreement is pursuant to RCW 14.08.200. The unaudited summary below is for the fiscal year ended December 31, 2013 for the Spokane International Airport.

Spokane International Airport	2013
Total Assets	\$ 313,877,563
Total Liabilities	39,834,829
Total Net Position	\$ 274,042,734
Total Revenues	\$ 36,762,612
Total Capital Contributions	10,476,583
Total Expenses	39,916,806
Net Increase in Net Position	\$ 7,322,389
Net Position, Beginning of Year	\$ 266,720,345
Net Increase in Net Position	7,322,389
Net Position, End of Year	\$ 274,042,734

At December 31, 2013, the airport had \$13.8 million in long-term revenue bonds outstanding with \$3.0 million due on the current portion in 2014. The bonds are secured by airport revenues. Airport revenues are derived through user fees, parking fees, leased areas and buildings, federal and state grants, and interest from investments. Other long-term debt payable at year-end totaled \$7.0 million.

The Spokane Airport Board administers the operations of the airport. It is composed of seven members, three of which are appointed by the County, three by the City, and one non-specific appointee. The City does not exercise any specific control over the budgeting and financing of the airport's activities. The complete financial report may be obtained by contacting the Spokane International Airport, 9000 W. Airport Drive, Suite 207, Spokane, WA, 99224.

The Spokane Regional Transportation Council operates under an Interlocal Agreement adopted by participating entities that include the City of Spokane, Spokane County, Spokane Transit Authority (STA), the City of Spokane Valley, Washington State Department of Transportation (WSDOT), Washington State Transportation Commission, the Spokane Airport Board (SAB), and the incorporated towns within the County. In 1965 the Washington State Legislature created the current statutory authority that provided for coordinated regional planning within the State.

The Council operates under a Board consisting of fourteen voting members and three ex-officio non-voting members. Voting members consist of two County Commissioners, two City Council members, three elected officials representing the small cities, one elected official representing small towns, one representative from the Spokane Valley, one person representing STA, (the STA Chief Executive Officer), one representative from WSDOT, one member from the Washington State Transportation Commission, one member from a private sector transportation provider, and one member representing the SAB (the SAB Chief Executive Officer). Ex-officio members consist of one member representing rail, the Chair of the Transportation Advisory Committee, and the Chair of the SRTC Transportation Technical Committee. The board selects management of the Council. Control over collection and disbursement of funds resides with the Council.

The unaudited summary below is for the fiscal year ended December 31, 2013. The Spokane Regional Transportation Council is audited by the Office of State Auditor.

City of Spokane

Spokane Regional Transportation Council	2013
Total Assets	\$ 323,883
Total Liabilities	323,883
Total Net Position	\$ -
Total Revenues	\$ 1,337,964
Total Expenses	1,198,204
Net Increase in Net Position	\$ 139,760

At December 31, 2013 the Spokane Regional Transportation Council had no long-term debt outstanding. The complete financial report may be obtained by contacting the Spokane Regional Transportation Council, 221 W. First Ave., Suite 310, Spokane, WA, 99201.

Note 12

Enterprise Funds

A. Water/Sewer Fund

Property, Plant and Equipment

Some hydrants and some water mains are recorded at estimated costs.

Contracts Receivable and Due From Other Governmental Units

During 1982, the City of Spokane and Spokane County entered into an Interlocal Agreement whereby the County agreed to pay \$5,779,709 for sewage treatment capacity at the Riverside Park Water Reclamation Facility. Per the agreement, the City will process up to ten million gallons per day for the County. Payments were adjusted annually using an implicit price deflator with January 1985 as the base period. The final capacity payment was received in 1999. Currently only annually adjusted operations and maintenance treatment charges, pretreatment charges, and 10/44ths of water quality capital improvements at the Riverside Park Water Reclamation Facility are billed to Spokane County under the 1982 Interlocal Agreement.

The City of Spokane and the City of Airway Heights entered into an agreement under which Airway Heights agreed to pay \$2,040,000, in 1992 dollars, for sewage treatment capacity at the Riverside Park Water Reclamation Facility. Per the agreement, the City will process up to 680,000 gallons per day for Airway Heights. The final capacity payment was received in 2006. Airway Heights no longer sends flows for treatment to the Riverside Park Water Reclamation Facility.

The City of Spokane and Fairchild Air Force Base entered into an agreement under which Fairchild Air Force Base agreed to pay \$3,000,000, in 1992 dollars, for sewage treatment capacity at the Riverside Park Water Reclamation Facility. Per the agreement, the City will process up to 1,000,000 gallons per day for Fairchild. Payments are revised annually and are anticipated to be collected in full by mid-year 2015.

Spokane County Utility Tax Payments

In October 2003, Spokane County began withholding the portion of its wastewater bill it computed as representing municipal taxes. In November 2003, Spokane County commenced a lawsuit to determine if the municipal taxes should be included as an expense in the calculation of the wastewater treatment rate for Spokane County. In January 2007, an agreement was reached in mediation between the City and Spokane County, which was approved by the Spokane City Council on April 30, 2007.

The agreement resulted in Spokane County paying \$1,500,000 to the City on the outstanding balance of their utility bill and the City removing the tax component from its billings to Spokane County. The County will continue to make payments to the City, on a sliding percentage rate of their charges for wastewater utility services, in lieu of taxes, until the year 2021. Beginning in the year 2022, there will be no further payments in lieu of taxes.

City of Spokane

C. Solid Waste Management Fund

Spokane Regional Solid Waste Management System

Environmental, economic and regulatory concerns led the City and Spokane County, on a joint basis, to conduct a lengthy and extensive investigation into a regional approach to the management, handling and disposal of solid waste collected in the City and other areas of the County that would give priority to disposal methods other than landfilling. This cooperative effort has resulted in the Spokane Regional Solid Waste Management System (the "System").

The City and Spokane County entered into several interlocal agreements, which provide the framework for the management, handling and disposal of solid waste within the service area, consisting of the City, the unincorporated area of the County and the Regional Cities. The City owns and operates the System but neither the City nor the County may use the System to the exclusion of the other. The City is responsible for the financing and construction of all improvements to the System and for the management of the System except with respect to certain major decisions for which the concurrence of the County is required.

The interlocal agreement is for a term of 25 years, or for such longer term as the financing bonds remain outstanding, and will be renewed automatically for successive 20-year terms unless the City and County agree not to renew it. The interlocal agreement has been amended such that it now terminates on November 16, 2014.

The System includes a mass burn waste to energy facility, two transfer stations, and three recycling centers located at the facility and the transfer stations. Ash from the waste to energy facility is hauled to the Roosevelt Regional Landfill in South Central Washington.

The waste to energy facility was completed during 1991. Wheelabrator Spokane Inc. operates the facility pursuant to a 20-year operation and maintenance contract with the City. Pursuant to a service contract, the City has agreed to pay a service fee to Wheelabrator Spokane Inc. based on a minimum of 220,000 tons of acceptable waste per year. This quantity of solid waste represents approximately 90 percent of the facility's 248,200 ton contracted capacity. The service contract has been extended for three years through November 16, 2014.

The City and Puget Sound Power and Light Company, a Washington corporation, entered into an agreement for Firm Power Purchase of energy produced by the Spokane Regional Solid Waste Management System's waste to energy facility. Subject to the terms thereof, the electricity agreement requires Puget Sound Power to purchase all electric output of the Facility, net of in-plant use, for 21 years commencing November 15, 1991. This contract expired on December 31, 2011. The City and Avista Corporation entered in a Power Purchase Agreement for purchase of energy produced by the facility subject to the terms thereof. The contract requires Avista Corporation to purchase all electric output of the facility for a period beginning on January 1, 2012, and ending on November 16, 2014.

In order to provide funds for the closure, post-closure, and remedial actions of Spokane County's pre-existing landfills, the City agreed in an interlocal agreement to provide to the County an amount not to exceed \$20 million. The interlocal agreement states that such costs will be recovered from rates charged by the Spokane Regional Solid Waste Management System. The \$20 million has been provided to the County and those costs have been recovered by the Spokane Regional Solid Waste System.

City of Spokane

Landfill Closure

On July 21, 1987, the City ceased disposal operations at its Southside Landfill. During 1988, the Southside landfill closure was completed at a total cost of \$5.4 million. These closure costs were paid using previously reserved cash and the total closure amount was recorded as an expense in 1988.

The City started closing the Northside Landfill in 1991. The closure was completed during 1993 for a total cost of \$19.4 million. These closure costs were paid using approximately \$3.1 million of previously reserved cash and \$16.3 million of the Spokane Regional Solid Waste Management System Revenue Bond proceeds. The City Council and Spokane County Board of County Commissioners approved an interlocal agreement which required that tipping fees established by the Spokane Regional Solid Waste Management System shall have a landfill closure component which will provide a source of revenue to the City and the County for the payment of pre-existing landfill costs. The City's portion of the closure component covers the debt service requirements on \$16.3 million of revenue bond proceeds. A Northside landfill closure liability was recorded as a deferred cost on January 1, 1988 and was charged to expense over a 20 year period as these amounts were recovered through rates charged to customers. The deferred cost was fully amortized during 2007.

Northside Regional Landfill

Beginning in 1992, the City started using a recently completed Northside Regional Landfill for the disposal of bypass waste and demolition debris. The 16 acre cell has a capacity of approximately 400,000 cubic yards (Phase I) and may be increased an additional 600,000 cubic yards (Phase II). State and federal laws and regulations require the City to place a final cover on the Northside Regional Landfill when it stops

accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Postclosure care consists of (1) maintaining the integrity and effectiveness of the final cover; (2) maintaining and operating the leachate collection system; (3) maintaining and operating the ground and surface water monitoring systems; and (4) maintaining and operating the gas monitoring systems. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City recognizes a portion of these costs in each operating period based on landfill capacity used as of the balance sheet date.

The \$1.7 million reported as landfill closure liability at December 31, 2013 represents the cumulative amount reported based on the use of 63 percent of the estimated capacity of Phase 1. This landfill has a remaining useful life of approximately 12 years. The City will recognize the remaining estimated cost of closure of \$9 million as the remaining estimated capacity (Phase 1) is filled. All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

As of December 31, 2013, the City held \$1.7 million of restricted cash, which is reserved for the closure of the Northside Regional Landfill (Phase 1).

Postclosure Landfill Monitoring

The \$11.1 million reported as landfill postclosure care liability at December 31, 2013 represents the cumulative amount required to monitor and maintain the closed portion of the Northside landfill, the open portion (Phase 1) of the Northside Regional landfill and the closed Southside landfill for the next 20-30 years. All amounts recognized are based on what it would cost to perform all postclosure care in 2013.

City of Spokane

Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City has restricted \$4.9 million in assets related to the post-closure monitoring of the closed portion of the Northside landfill, and \$3.9 million for post-closure monitoring of the open portion of the Northside landfill. No assets have been restricted for future costs of \$2.3 million for the Southside landfill based on the City's interpretation of the applicability of Washington Administrative Code 173-304-467.

D. Golf Fund

Revenue Bond Covenants

In March of 1991 the City issued \$5.8 million of golf system revenue bonds. These were issued with an average interest rate of 7.1035%. These bonds were issued to finance the construction of a fourth municipal City golf course.

In March of 1997 the City issued \$3.38 million of golf system revenue refunding bonds to partially refund the 1991 bonds. These were issued with an average interest rate of 5.25%. The unrefunded 1991 Golf Bonds have matured and were paid in full on December 1, 2006.

A requirement of the bond ordinance was to establish a rate covenant that provides that net revenue of the Golf fund will equal at least 1.25 times the debt service on the bonds and any additional bonds in that year. The ordinance also provides for the establishment of a reserve account to secure the payment of principal and interest on the bonds. The reserve account for the bonds is an amount equal to the lesser of a) 10% of the bond proceeds, b) the maximum annual debt service, or c) 125% of the average annual debt service on the bonds. There is no intention of issuing additional revenue bonds for golf purposes at this time. The

reserve account has been established in the Golf Debt Service fund.

The Golf Fund revenue did not meet the rate covenant for 2013. The net revenue ratio, as stated above, requires the net revenue be 1.25 times the debt service on the bonds. Although the net revenue ratio was only 0.78 for 2013, the debt was fully retired during 2013.

Note 13

Commitments and Contingencies

A. Disability Supplemental Pensions

The Department of Labor and Industries made a determination that four employees of the City were totally disabled as the result of industrial injuries. This determination required the employees to be placed on the pension rolls of the Department of Labor and Industries supplemental pension fund and provided for monthly pension benefits. Since the City is self-insured, the City is responsible for funding these pension benefits. The City has deposited \$427,949 with the State of Washington which represents the full present value (as of June 30, 1995) of the pensions. The State will invest the \$427,949 on the City's behalf and pay pensions each month from that deposit. Interest earnings will accrue to the deposit. Each year, in June, the pensions are actuarially re-evaluated and excess monies, from interest earnings and decreasing present value, are returned to the City. As of June 30, 2013, there are three pensioners remaining. The current value of the deposit, as of June 30, 2013, was \$262,567. In 2013, a deposit of \$744,120 was made for an additional pension, for a total deposit with the State of \$1,006,687.

City of Spokane

B. Downtown Housing Stabilization

The Downtown Housing Stabilization Program is a program developed by the Financial Issues Task Force of the Downtown Capital Needs Committee in the early 1990s. The Stabilization Program was designed to maximize opportunities for private investment to respond to the critical need for affordable housing units for low-income residents of the Downtown Community. The City has assumed the role of Loan Loss Guarantor for loans made by private investors on properties purchased as part of the program. No new loans have been made under this program since 1994.

C. Spokane Public Facilities District

In August 2003 the City executed an interlocal agreement with the Spokane Public Facilities District (PFD) related to the Spokane Convention Center, the Spokane Opera House, and the Washington State International Agricultural Trade Center (collectively known as the Spokane Center) and the Spokane Veterans Memorial Arena. The purpose of the agreement was to set forth agreements relating to PFD's acquisition of the existing facilities, the expansion of the Spokane Convention Center, and the operation and maintenance of the Spokane Center facilities and the Arena. The agreement terminated the City's operation agreement for the Arena, and transferred 2/3 ownership of the Spokane Center assets to the PFD. The interlocal agreement also laid out certain annual obligations of the City to the PFD related to the Spokane Center. This agreement was modified in May 2009 and contains the following stipulations:

1. The City will transfer to the PFD all admission taxes collected at Spokane Center and Arena events.
2. The City will transfer to the PFD all lodging tax revenues collected, after deducting amounts sufficient to service the

City's outstanding debt payments related to Spokane Center assets and \$100,000 annually to be allocated by the City's Lodging Tax Advisory Committee. The \$100,000 allocation shall be adjusted annually by using the Consumer Price Index (CPI) or other closely related index if that index is discontinued. If the CPI is greater than 2%, the City can consider negotiation of transferring the incremental increase to the District, but is not required to do so.

This agreement is valid through December 31, 2038.

D. Construction Commitments

The City has active construction projects as of December 31, 2103. The projects include street construction, parks, water/sewer infrastructure and transfer station upgrades, and technology upgrades. At year end, outstanding construction commitments are as follows:

City of Spokane

			continued
Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/13
11th, Latah Bridge - CDA; 12th, Spruce - Inland Empire Way	55,027	29,367	25,660
14th and Queen Paving	130,677	105,512	25,165
14th Avenue, Monroe to Grand	1,332,447	1,318,586	13,861
29th Avenue, High Drive to Grand	2,808,395	2,514,702	293,694
3rd Avenue, Division to Arthur	1,890,736	1,786,560	104,175
8th & Chandler Transmission	982,200	-	982,200
8th/9th Ave.	200,000	-	200,000
Adams, 21st to 15th Avenues	950,134	923,170	26,964
Ash/Maple PED Timers	99,612	23,462	76,150
Audio system installation	28,240	-	28,240
Carousel roof	19,080	-	19,080
Cedar/Country Homes Intersection	476,938	-	476,938
Centennial Trail	548,835	-	548,835
Clean Digester No. 1	177,480	-	177,480
Clocktower repairs	22,729	-	22,729
Community Development Sidewalks	538,000	412,961	125,039
Northside Landfill Rehabilitation	383,374	336,709	46,665
Crestline, 37th to 57th Water Main Replacement	3,115,609	2,694,210	421,399
CSO Control Facility	5,133,961	914,144	4,219,817
CSO Reduction Program	4,788,857	607,039	4,181,818
Cure Sanitary Sewer	1,065,633	-	1,065,633
Division St., River-N City Limits	805,912	776,329	29,583
Division, Maple, Ash	1,772,268	1,468,266	304,002
Downtown Bicycle Network	463,960	414,477	49,483
Electrical Engineering Services	65,084	55,691	9,392
Euclid, Mayfair - Crestline Water	2,346,441	2,177,162	169,280
Fiske, 19th - 17th	182,097	149,131	32,966
Flint Road Signal Project	99,459	-	99,459
Francis, Crestline to Haven	1,341,408	1,248,414	92,994
Francis, Division to Crestline	2,880,612	-	2,880,612
Gaiser conservatory	24,395	18,570	5,825
Green St Bridge	3,057,983	1,530,512	1,527,471
Hamilton/Nevada PED Timers	32,484	-	32,484
Havana St Bridge	6,222,479	5,880,145	342,334
Improvements WTE facility	8,600,000	5,738,467	2,861,533
King Cole bridge pathway	27,906	-	27,906
Lift Stations Backup Power	475,497	422,722	52,775
Lincoln Heights Booster Station	2,568,243	1,138,922	1,429,322
Liquids Phase 2 - Package A	15,530,617	14,447,995	1,082,622
Low Impact Development Stormwater Facilities	30,000	7,714	22,286
Manito Park walls	8,805	7,455	1,350
Transfer Station Design Projects	23,000	13,790	9,210
Mirror Pond	20,133	10,575	9,558
Nelson Service Center	14,543,790	127,709	14,416,081
Northside Landfill Gate	15,196	-	15,196

City of Spokane

			concluded
Construction Commitments	Original Commitment	Spent to Date	Remaining Commitment at 12/31/13
Package B - Digester Gases	6,817,001	953,583	5,863,418
Post Street One Way Conversion	20,467	15,654	4,813
Post Street Bridge Inspection	11,420	8,731	2,689
Professional Svcs - HRMS	21,000	-	21,000
Program Management - CSO	20,413,605	19,972,785	440,820
Riverside, Altamont - Cook and Cook, Sprague - Riverside	1,630	111	1,519
Rockwood, Cowley to SE Blvd	2,465,503	1,591,618	873,885
Rowan Avenue Sidewalk, Belt to Monroe	305,357	-	305,357
Sekani Shelter	38,987	-	38,987
Spokane Falls Blvd Enhancements	1,394,279	1,203,338	190,941
Springfield Lift Station Replacement	646,603	502,371	144,232
Stormwater Facility	2,064,426	1,049,447	1,014,980
Traffic Calming	272,796	197,335	75,461
Upgrade Primary Solids Pump Station	4,554,189	3,886,089	668,100
Valley Transfer Station	11,267	-	11,267
Total Construction Commitments	\$ 124,924,265	\$ 76,681,528	\$ 48,242,737

Note 14

Prior Period Adjustments

The Statement of Activities reports a net increase to net position of \$14,091,911 as follows:

Governmental Activities	
General Fund	\$ (544,521)
Street Fund	75,868
Law Enforcement Info Systems Fund	206,802
Real Estate Excise Tax Fund	75,868
Public Safety & Judicial Grants Fund	(34,624)
Criminal Justice Assistance Fund	253,181
Information Technology Fund	(50,282)
Employee Benefits Fund	1,809,256
	1,791,548
Capital Asset Correction¹	
Parks Fund	(456,547)
Street Fund	(175,897)
Total	\$ 1,159,104
¹ Because capital assets in the governmental funds are not reflected in the fund financial statements, corrections of prior period balances only affect the government-wide financial statements.	

Business-Type Activities	
Water/Sewer Fund	(15,251,015)
Total	\$ (15,251,015)

Governmental Activities

\$174,623 decrease in the General Fund due to an understatement of business taxes in the prior year.

\$162,366 decrease in the General Fund due to a correction of a prior year liability related to the Public Safety building.

\$1,320 decrease in the General Fund due to the refunds of prior year permits.

\$199,877 decrease in the General Fund due to an understatement of election costs in the prior year.

\$6,335 decrease in the General Fund due to the correction of prior year accruals.

\$75,868 increase in the Street Fund due to a correction of prior year accrual.

\$75,868 increase in the Real Estate Excise Tax Fund due to a correction of prior year accrual.

\$206,802 increase in the Law Enforcement Information Systems Fund due to a prior year adjustment for common costs of the Public Safety Building.

\$34,624 decrease in the Public Safety and Judicial Grants Fund to reclassify prior year grant program income for ineligible expenses/grant findings as recommended by the cognizant agency (Department of Justice).

\$253,181 increase in the Criminal Justice Assistance Fund due to the correction of a prior year accrual.

\$50,282 decrease in the Information Technology Fund due to a correction of a prior year accrual.

\$1,809,256 increase in the Employee Benefits Fund due to an estimated rate stabilization refund for prior year premiums paid to Group Health.

\$456,547 reduction in Parks Fund capital assets is the result of an increase of 175,739 due to an increase of prior capital assets and a \$17,163 reduction of construction in progress for prior expenses that won't result in a capital asset. There was a \$615,123 increase in accumulated depreciation due to a correction of construction in progress amounts that should have been placed in service in a prior period.

\$175,897 reduction in Street Fund capital assets is the result of a reduction of construction in progress for prior expenses that won't result in a capital asset.

Business-Type Activities

\$15,251,015 decrease in the Water/Sewer Fund due to a change in accounting methodology used to calculate the historical cost of water main replacements.

Note 15

Legal Matters

In the normal course of governmental operations the City has claims filed against it for various losses related to tort actions for such things as wrongful acts, injuries, or damages for which a civil action can be brought, and other routine legal proceedings. At any given point in time, there is a recurring volume of tort and other claims for compensation and damages against the City, which could impact expenditures. The City's Risk Management Fund provides for these claims, and insurance is available to pay a portion of damages for certain types of claims. The collective impact of these claims is not likely to have a material impact on the City's financial position. There are no known pending or anticipated legal matters that would materially affect the financial statements of the City for the year ending December 31, 2013.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund Accounts
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Eliminations	Variance with Final Budget-Positive (Negative)
RESOURCES					
Taxes	\$ 128,881,005	\$ 128,881,005	\$ 130,269,475	\$ -	\$ 1,388,470
Licenses and permits	6,479,000	6,479,000	6,424,954	-	(54,046)
Intergovernmental	5,242,428	5,322,428	3,267,477	-	(2,054,951)
Charges for services	15,829,536	16,044,466	14,583,391	-	(1,461,075)
Fines and forfeitures	3,204,500	3,204,500	2,862,356	-	(342,144)
Miscellaneous	3,133,550	2,783,550	2,310,105	-	(473,445)
Total resources	162,770,019	162,714,949	159,717,758	-	(2,997,191)
EXPENDITURES					
General government	21,989,439	22,569,311	21,852,608	-	716,703
Public safety	89,240,202	90,786,008	89,789,347	-	996,661
Utilities environment	-	-	-	-	-
Transportation	7,892,819	8,304,199	7,324,204	-	981,995
Economic environment	6,111,151	6,671,685	5,178,683	-	1,493,002
Mental and physical health	110,080	120,080	118,064	-	2,016
Culture and recreation	8,210,276	8,419,623	8,278,029	-	141,594
Capital outlay	2,065,541	2,620,066	2,216,660	-	403,406
Debt service:	-	-	-	-	-
Interest	10,000	10,000	-	-	10,000
Total expenditures	135,629,508	139,502,972	134,757,595	-	4,745,377
Excess resources over expenditures	27,140,511	23,211,977	24,960,163	-	1,748,186
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	74,604	-	74,604
Collection of revolving loans	-	-	-	-	-
Transfers in	9,027,950	9,377,950	9,344,658	(8,943,712)	(33,292)
Transfers out	(36,911,805)	(36,865,805)	(36,727,050)	8,943,712	138,755
Total other financing sources (uses)	(27,883,855)	(27,487,855)	(27,307,788)	-	180,067
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(743,344)	(4,275,878)	(2,347,625)	-	1,928,253
Other changes in fund balance					
Prior period adjustment	-	-	(544,521)	-	(544,521)
Fund Balance - beginning	38,510,147	38,510,147	38,510,147	-	-
Fund Balance - ending	\$ 37,766,803	\$ 34,234,269	\$ 35,618,001	\$ -	\$ 1,383,732

Required Supplementary Information

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Required Supplementary Information

Schedule of Funding Progress

Schedule of Funding Progress Employees' Retirement System Valuation Years 2013 through 2007 (dollars in thousands)							
	2013	2012	2011	2010	2009	2008	2007
Actuarial valuation date	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Actuarial value of plan assets	\$ 261,605	\$ 241,425	\$ 241,611	\$ 241,748	\$ 231,997	\$ 193,314	\$ 242,615
Actuarial accrued liability	381,039	364,716	351,318	334,849	317,577	295,223	272,202
Unfunded actuarial liability	119,434	123,291	109,707	93,101	85,580	101,909	29,587
Percent age funded	68.7%	66.2%	68.8%	72.2%	73.1%	65.5%	89.1%
Covered payroll	87,337	89,015	90,264	88,094	83,455	74,183	69,262
Unfunded actuarial liability as a percent age of covered payroll	136.75%	138.51%	121.54%	105.68%	102.55%	137.38%	42.72%
Source: City of Spokane							

Schedule of Funding Progress Firefighters' Pension System Valuation Years 2012 through 2003 (dollars in thousands)							
	2012	2010	2008	2006	2005	2004	2003
Actuarial valuation date	12/31/2012	12/31/2010	12/31/2008	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial value of plan assets	\$ 12,571	\$ 14,246	\$ 15,259	\$ 13,325	\$ 12,480	\$ 12,960	\$ 13,080
Actuarial accrued liability	25,755	29,639	33,364	32,728	27,565	15,590	10,494
Unfunded actuarial liability	13,184	15,393	18,105	19,403	15,085	2,630	(2,586)
Percent age funded	49%	48%	46%	41%	45%	83%	125%
Covered payroll	N/A	244	217	380	N/A	N/A	N/A
Unfunded actuarial liability as a percent age of covered payroll	N/A	6309%	8343%	5106%	N/A	N/A	N/A
Beginning in 2008, the City began using a two-year actuarial cycle.							
Source: City of Spokane							

Schedule of Funding Progress cont.

Schedule of Funding Progress Police Pension System Valuation Years 2012 through 2003 (dollars in thousands)							
	2012	2010	2008	2006	2005	2004	2003
Actuarial valuation date	12/31/2012	12/31/2010	12/31/2008	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial value of plan assets	\$ 664	\$ 714	\$ 929	\$ 659	\$ 787	\$ 963	\$ -
Actuarial accrued liability	10,599	12,450	18,350	16,480	14,332	6,538	7,174
Unfunded actuarial liability	9,935	11,736	17,421	15,821	13,545	5,575	7,174
Percent age funded	6%	6%	5%	4%	5%	15%	0%
Covered payroll	N/A	143	136	176	N/A	N/A	N/A
Unfunded actuarial liability as a percent age of covered payroll	N/A	8207%	12810%	8989%	N/A	N/A	N/A
Beginning in 2008, the City began using a two-year actuarial cycle.							
Source: City of Spokane							

Schedule of Employer Contributions

Schedule of Contributions from Employers For the Fiscal Years Ended December 31, 2013 through 2007 (dollars in thousands)							
	2013	2012	2011	2010	2009	2008	2007
Employees' Retirement System							
Employer's annual required contribution	\$ 8,237	\$ 8,326	\$ 10,011	\$ 8,955	\$ 8,267	\$ 8,827	\$ 5,743
Employer's actual contribution	6,715	6,938	6,799	6,581	6,474	4,875	4,518
Percentage contributed	81.52%	83.33%	67.92%	73.49%	78.31%	55.23%	78.67%
Annual pension cost	8,687	8,734	10,337	9,219	8,485	8,950	5,835
Net pension obligation	21,293	19,322	17,525	13,988	11,349	9,339	5,265
Firefighters' Pension System							
Employer's annual required contribution	\$ 865	\$ 1,071	\$ 1,071	\$ 1,215	\$ 1,215	\$ 1,262	\$ 1,262
Employer's actual contribution	2,183	440	697	758	697	1,360	2,082
Percentage contributed	252%	41%	0%	62%	57%	108%	165%
Annual pension cost	834	1,058	1,077	1,228	1,234	1,279	1,268
Net pension obligation	(20)	1,329	711	(366)	(835)	(1,373)	(1,291)
Police Pension System							
Employer's annual required contribution	\$ 587	\$ 734	\$ 734	\$ 1,045	\$ 1,045	\$ 1,029	\$ 1,029
Employer's actual contribution	845	870	849	768	1,037	1,108	1,450
Percentage contributed	144%	118%	116%	73%	99%	108%	141%
Annual pension cost	529	685	684	1,003	1,005	998	995
Net pension obligation	1,807	2,123	2,308	2,473	2,238	2,270	2,380

Source: City of Spokane

Other Postemployment Benefits
Schedule of Funding Progress

Schedule of Funding Progress Other Postemployment Benefits Firefighters' Pension System Valuation Years 2012 through 2006 (dollars in thousands)				
	2012	2010	2008	2006
Actuarial valuation date	12/31/2012	12/31/2010	12/31/2008	12/31/2006
Actuarial value of plan assets	\$ 12,576	\$ 7,889	\$ 5,133	\$ 3,347
Actuarial accrued liability (AAL)	62,779	77,975	65,479	55,666
Unfunded actuarial accrued liability (UAAL)	50,203	70,086	60,346	52,319
Funded ratio	20%	10%	8%	6%
Covered payroll	N/A	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A	N/A
Beginning in 2008, the City began using a two-year actuarial cycle.				
Source: City of Spokane				

Schedule of Funding Progress Other Postemployment Benefits Police Pension System Valuation Years 2012 through 2006 (dollars in thousands)				
	2012	2010	2008	2006
Actuarial valuation date	12/31/2012	12/31/2010	12/31/2008	12/31/2006
Actuarial value of plan assets	\$ -	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	73,197	91,069	74,045	51,370
Unfunded actuarial accrued liability (UAAL)	73,197	91,069	74,045	51,370
Funded ratio	0%	0%	0%	0%
Covered payroll	N/A	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A	N/A
Beginning in 2008, the City began using a two-year actuarial cycle.				
Source: City of Spokane				

Other Postemployment Benefits Schedule of Contributions from Employers

Schedule of Contributions from Employers Other Postemployment Benefits Firefighters' Pension System For the Fiscal Years Ended December 31, 2013 through 2008 <i>(dollars in thousands)</i>						
Firefighters' Pension System	2013	2012	2011	2010	2009	2008
Employer's annual required contribution	\$ 3,377	\$ 5,056	\$ 5,056	\$ 4,311	\$ 4,311	\$ 3,657
Employer's actual contribution	3,377	5,099	5,013	4,311	4,311	3,657
Percentage contributed	100%	101%	99%	100%	100%	100%
Annual OPEB cost	3,377	5,056	5,056	4,311	4,311	3,657
Net OPEB obligation	0	0	43	0	0	0
Source: City of Spokane						

Schedule of Contributions from Employers Other Postemployment Benefits Police Pension System For the Fiscal Years Ended December 31, 2013 through 2008 <i>(dollars in thousands)</i>						
Police Pension System	2013	2012	2011	2010	2009	2008
Employer's annual required contribution	\$ 4,380	\$ 5,877	\$ 5,877	\$ 4,573	\$ 4,573	\$ 3,470
Employer's actual contribution	2,496	2,811	2,856	3,398	2,747	2,606
Percentage contributed	57%	48%	49%	74%	60%	75%
Annual OPEB cost	4,093	5,712	5,782	4,505	4,541	3,458
Net OPEB obligation	12,124	10,527	7,626	4,700	3,593	1,799
Source: City of Spokane						

Notes to the Required Supplementary Information

For the Fiscal Year Ended December 31, 2013

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for the three pension plans. These reports may be obtained by writing to the Spokane Employees' Retirement System, City Hall, 808 West Spokane Falls Blvd, Spokane, Washington, 99201 or by calling (509) 625-6330.

Schedules

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City of Spokane

Schedule for General Fund Accounts
Balance Sheet
December 31, 2013

continued

ASSETS

Cash and cash equivalents	\$ 5,974,778	\$ 87,764	\$ 168,168	\$ 489,805	\$ 390	\$ 5,407
Deposits with fiscal agents/trustees	69,833	-	-	-	-	-
Equity in pooled investments	13,582,906	-	404,846	-	-	-
Taxes receivable	11,969,697	366,011	-	-	-	-
Accounts receivable	2,659,701	6,034	126,023	17,094	-	-
Interest receivable	196,815	-	140	-	-	-
Due from other funds	5,240,385	14,165	699	-	-	-
Interfund loan receivable	157,875	-	4,699	-	-	-
Due from other governments	228,413	-	-	-	-	-
Advances to other funds	782,222	-	23,283	-	-	-
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	40,862,625	473,974	727,858	506,899	390	5,407

LIABILITIES AND FUND BALANCE

Liabilities:						
Accounts/vouchers payable	793,958	25,765	94,897	6,965	-	-
Due to other funds	750,104	223,230	2,411	-	-	-
Due to other governments	236	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	2,965,978	23,367	164,304	-	-	-
Other current liabilities	840,444	-	219	-	-	-
Deferred inflow of resources	1,827,120	-	-	-	-	-
Total Liabilities	7,177,840	272,362	261,831	6,965	-	-

FUND BALANCE:

Nonspendable	940,096	-	27,982	-	-	-
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Committed	14,515,773	-	-	486,922	390	-
Assigned	1,972,615	166,946	437,821	13,016	-	5,407
Unassigned	16,291,185	-	-	-	-	-
Total Fund Balance	\$ 33,719,669	\$ 166,946	\$ 465,803	\$ 499,938	\$ 390	\$ 5,407

City of Spokane

Schedule for General Fund Accounts
Balance Sheet
December 31, 2013

concluded

ASSETS

Cash and cash equivalents	\$	89,407	\$	29,958	\$	1,015	\$	10,210	\$	22,569	6,879,471
Deposits with fiscal agents/trustees		-		-		-		-		-	69,833
Equity in pooled investments		1,466		193,158		180,880		70		-	14,363,326
Taxes receivable		-		-		-		-		-	12,335,708
Accounts receivable		-		-		-		-		-	2,808,852
Interest receivable		-		153		150		-		-	197,258
Due from other funds		-		-		-		945		-	5,256,194
Interfund loan receivable		13		2,242		2,102		-		-	166,931
Due from other governments		-		-		-		-		-	228,413
Advances to other funds		62		11,107		10,416		-		-	827,090
Inventories		-		-		-		-		-	-
Notes/contract receivable (non current)		-		210,927		22,850		-		-	233,777
Total Assets		90,948		447,545		217,413		11,225		22,569	43,366,853

LIABILITIES AND FUND BALANCE

Liabilities:						
Accounts/vouchers payable	-	-	-	-	-	921,585
Due to other funds	7,599	2,255	-	-	-	985,599
Due to other governments	-	-	-	-	-	236
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	3,153,649
Other current liabilities	20,000	-	-	-	-	840,643
Deferred inflow of resources	-	-	-	-	-	1,827,120
Total Liabilities	27,599	2,255	-	-	-	7,748,852

FUND BALANCE:

Nonspendable	75	13,349	12,518	-	-	994,020
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Grants	-	431,941	204,895	-	-	636,836
Committed	-	-	-	11,225	-	15,014,310
Assigned	63,276	-	-	-	22,569	2,681,650
Unassigned	-	-	-	-	-	16,291,185
Total Fund Balance	\$ 63,351	\$ 445,290	\$ 217,413	\$ 11,225	\$ 22,569	35,618,001

City of Spokane

Schedule for General Fund Accounts
Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2013

continued

	General Fund	Code Enforcement	Library	Under Freeway Parking	Parking Facilities	Municipal Art Projects	Capital Improvement Program
REVENUES							
Taxes	\$ 130,264,161	\$ 5,314	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	6,424,954	-	-	-	-	-	-
Intergovernmental	3,267,477	-	-	-	-	-	-
Charges for services	13,730,690	827,811	24,890	-	-	-	-
Fines and forfeitures	2,697,360	(11,113)	176,109	-	-	-	-
Miscellaneous	622,111	210,997	76,139	149,722	-	-	-
Interest income	1,876,867	-	832	-	-	-	(111)
Net increase (decrease) in fair value of investments	(623,063)	-	(3,829)	-	-	-	-
Total Revenues	158,260,557	1,033,009	274,141	149,722	-	-	(111)
EXPENDITURES							
Current:							
General government	21,852,515	-	-	-	-	-	93
Public safety	88,478,694	1,310,653	-	-	-	-	-
Utilities environment	-	-	-	-	-	-	-
Transportation	7,213,097	-	-	111,107	-	-	-
Economic environment	5,161,620	-	-	521	-	-	-
Mental and physical health	118,064	-	-	-	-	-	-
Culture and recreation	502,697	-	7,775,332	-	-	-	-
Capital outlays	527,788	-	887,958	62,910	-	-	728,156
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	123,854,475	1,310,653	8,663,290	174,538	-	-	728,249
Excess of Revenues Over (Under) Expenditures	34,406,082	(277,644)	(8,389,149)	(24,816)	-	-	(728,360)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	74,604	-	-	-	-	-	-
Transfers in	400,000	270,315	7,923,397	-	-	-	750,000
Transfers out	(36,714,444)	-	(11,590)	-	-	-	-
Total Other Financing Sources (Uses)	(36,239,840)	270,315	7,911,807	-	-	-	750,000
Change in Fund Balance	(1,833,758)	(7,329)	(477,342)	(24,816)	-	-	21,640
Other Changes in Fund Balance							
Prior Period Adjustment	(544,521)	-	-	-	-	-	-
Fund Balance - beginning	36,097,948	174,275	943,145	524,754	390	5,407	41,711
Fund Balance - ending	\$ 33,719,669	\$ 166,946	\$ 465,803	\$ 499,938	\$ 390	\$ 5,407	\$ 63,351

City of Spokane

Schedule for General Fund Accounts
Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2013

Concluded

	Hope Acquisition	Housing Trust Grant	JTPA Private Industry Council	Cumulative Reserve	Eliminations	Total
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,269,475
Licenses and permits	-	-	-	-	-	6,424,954
Intergovernmental	-	-	-	-	-	3,267,477
Charges for services	-	-	-	-	-	14,583,391
Fines and forfeitures	-	-	-	-	-	2,862,356
Miscellaneous	-	-	-	-	-	1,058,969
Interest income	2,326	1,668	20	-	-	1,861,602
Net increase (decrease) in fair value of investments	(1,787)	(1,787)	-	-	-	(630,466)
Total Revenues	539	(119)	20	-	-	159,717,758
EXPENDITURES						
Current:						
General government	-	-	-	-	-	21,852,608
Public safety	-	-	-	-	-	89,789,347
Utilities environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	7,324,204
Economic environment	16,542	-	-	-	-	5,178,683
Mental and physical health	-	-	-	-	-	118,064
Culture and recreation	-	-	-	-	-	8,278,029
Capital outlays	9,848	-	-	-	-	2,216,660
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	26,390	-	-	-	-	134,757,595
Excess of Revenues Over (Under) Expenditures	(25,851)	(119)	20	-	-	24,960,163
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	74,604
Transfers in	-	-	946	-	(8,943,712)	400,946
Transfers out	-	-	(1,016)	-	8,943,712	(27,783,338)
Total Other Financing Sources (Uses)	-	-	(70)	-	-	(27,307,788)
Change in Fund Balance	(25,851)	(119)	(50)	-	-	(2,347,625)
Other Changes in Fund Balance						
Prior Period Adjustment	-	-	-	-	-	(544,521)
Fund Balance - beginning	471,141	217,532	11,275	22,569	-	38,510,147
Fund Balance - ending	\$ 445,290	\$ 217,413	\$ 11,225	\$ 22,569	\$ -	\$ 35,618,001

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 128,881,000	\$ 128,881,000	\$ 130,264,161	\$ 1,383,161
Licenses and permits	6,479,000	6,479,000	6,424,954	(54,046)
Intergovernmental	5,242,428	5,322,428	3,267,477	(2,054,951)
Charges for services	14,765,516	14,830,446	13,730,690	(1,099,756)
Fines and forfeitures	2,949,500	2,949,500	2,497,360	(272,140)
Miscellaneous	2,528,000	2,528,000	1,875,915	(652,085)
Total resources	160,865,444	161,010,374	158,260,557	(2,749,817)
EXPENDITURES				
General government	21,989,439	22,549,311	21,852,515	716,796
Public safety	87,818,863	89,187,928	88,478,694	709,234
Utilities environment	-	-	-	-
Transportation	7,765,649	8,120,758	7,213,097	907,661
Economic environment	6,086,151	6,446,685	5,161,620	1,485,065
Mental and physical health	110,080	120,080	118,064	2,016
Culture and recreation	557,553	566,900	502,697	64,203
Capital outlay	190,000	620,704	527,788	92,916
Debt service:	-	-	-	-
Interest	10,000	10,000	-	10,000
Total expenditures	124,527,735	127,842,366	123,854,475	3,987,891
Excess resources over expenditures	36,337,709	33,168,008	34,406,082	1,238,074
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	74,604	74,604
Collection of revolving loans	-	-	-	-
Transfers in	400,000	400,000	400,000	-
Transfers out	(36,900,215)	(36,854,215)	(36,714,444)	139,771
Total other financing sources (uses)	(36,500,215)	(36,454,215)	(36,239,840)	214,375
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(162,506)	(3,286,207)	(1,833,758)	1,452,449
Other changes in fund balance				
Prior period adjustment	(544,521)	(544,521)	(544,521)	-
Fund Balance - beginning	36,097,948	36,097,948	36,097,948	-
Fund Balance - ending	\$ 35,390,921	\$ 32,267,220	\$ 33,719,669	\$ 1,452,449

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Code Enforcement Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ 5,314	\$ 5,314
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	1,034,020	1,184,020	827,811	(356,209)
Fines and forfeitures	-	-	(11,113)	(11,113)
Miscellaneous	70,500	70,500	210,997	140,497
Total resources	1,104,520	1,254,520	1,033,009	(221,511)
EXPENDITURES				
General government	-	-	-	-
Public safety	1,421,339	1,598,080	1,310,653	287,427
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,421,339	1,598,080	1,310,653	287,427
Excess resources over expenditures	(316,819)	(343,560)	(277,644)	65,916
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	304,553	304,553	270,315	(34,238)
Transfers out	-	-	-	-
Total other financing sources (uses)	304,553	304,553	270,315	(34,238)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(12,266)	(39,007)	(7,329)	31,678
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	174,275	174,275	174,275	-
Fund Balance - ending	\$ 162,009	\$ 135,268	\$ 166,946	\$ 31,678

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Library Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 5	\$ 5	\$ -	\$ (5)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	30,000	30,000	24,890	(5,110)
Fines and forfeitures	235,000	235,000	174,109	(58,891)
Miscellaneous	62,050	62,050	73,142	11,092
Total resources	327,055	327,055	274,141	(52,914)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	7,652,723	7,852,723	7,775,332	77,391
Capital outlay	925,541	925,541	887,958	37,583
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,578,264	8,778,264	8,663,290	114,974
Excess resources over expenditures	(8,251,209)	(8,451,209)	(8,389,149)	62,060
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	7,923,397	7,923,397	7,923,397	-
Transfers out	(11,590)	(11,590)	(11,590)	-
Total other financing sources (uses)	7,911,807	7,911,807	7,911,807	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(339,402)	(539,402)	(477,342)	62,060
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	943,145	943,145	943,145	-
Fund Balance - ending	\$ 603,743	\$ 403,743	\$ 465,803	\$ 62,060

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Under Freeway Parking Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	123,000	123,000	149,722	26,722
Total resources	123,000	123,000	149,722	26,722
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	127,170	185,441	111,107	74,334
Economic environment	-	-	521	(521)
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	100,000	162,911	62,910	100,001
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	227,170	348,352	174,538	173,814
Excess resources over expenditures	(104,170)	(225,352)	(24,816)	200,536
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(104,170)	(225,352)	(24,816)	200,536
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	524,754	524,754	524,754	-
Fund Balance - ending	\$ 420,584	\$ 299,402	\$ 499,938	\$ 200,536

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Parking Facilities Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	390	390	390	-
Fund Balance - ending	\$ 390	\$ 390	\$ 390	\$ -

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Municipal Art Project Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	5,407	5,407	5,407	-
Fund Balance - ending	\$ 5,407	\$ 5,407	\$ 5,407	\$ -

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvement Program Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	350,000	-	(111)	(111)
Total resources	350,000	-	(111)	(111)
EXPENDITURES				
General government	-	-	93	(93)
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	750,000	810,910	728,156	82,754
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	750,000	810,910	728,249	82,661
Excess resources over expenditures	(400,000)	(810,910)	(728,360)	82,550
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	400,000	750,000	750,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	400,000	750,000	750,000	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(60,910)	21,640	82,550
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	41,711	41,711	41,711	-
Fund Balance - ending	\$ 41,711	\$ (19,199)	\$ 63,351	\$ 82,550

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Hope Acquisition Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	539	539
Total resources	-	-	539	539
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	20,000	20,000	16,542	3,458
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	100,000	100,000	9,848	90,152
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	120,000	120,000	26,390	93,610
Excess resources over expenditures	(120,000)	(120,000)	(25,851)	94,149
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(120,000)	(120,000)	(25,851)	94,149
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	471,141	471,141	471,141	-
Fund Balance - ending	\$ 351,141	\$ 351,141	\$ 445,290	\$ 94,149

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Housing Trust Grant Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	(119)	(119)
Total resources	-	-	(119)	(119)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	5,000	5,000	-	5,000
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	5,000	5,000	-	5,000
Excess resources over expenditures	(5,000)	(5,000)	(119)	4,881
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(5,000)	(5,000)	(119)	4,881
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	217,532	217,532	217,532	-
Fund Balance - ending	\$ 212,532	\$ 212,532	\$ 217,413	\$ 4,881

City of Spokane

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
JTPA Private Industry Council Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	20	20
Total resources	-	-	20	20
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	20	20
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	946	946
Transfers out	-	-	(1,016)	(1,016)
Total other financing sources (uses)	-	-	(70)	(70)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(50)	(50)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	11,275	11,275	11,275	-
Fund Balance - ending	\$ 11,275	\$ 11,275	\$ 11,225	\$ (50)

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Cumulative Reserve Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	22,569	22,569	22,569	-
Fund Balance - ending	\$ 22,569	\$ 22,569	\$ 22,569	\$ -

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Combining and Individual Fund Financial
Statements

Nonmajor Governmental Funds

The Nonmajor Governmental Funds fall into one of the three categories as described below.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the City's bonds issued in support of governmental activities.

Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of City facilities and road infrastructure.

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,757,396	\$ 1,935,327	\$ 1,341,617	\$ 19,034,340
Deposits with fiscal agents/trustees	38,228	-	-	38,228
Equity in pooled investments	16,918,944	3,753,550	24,175,682	44,848,176
Taxes receivable	2,862,441	683,719	217,251	3,763,411
Special assessment receivable	-	3,059,371	-	3,059,371
Accounts receivable	667,790	-	811,716	1,479,506
Interest receivable	6,733	3,237	16,985	26,955
Due from other funds	2,260,243	-	255,025	2,515,268
Interfund loan receivable	196,245	43,541	279,777	519,563
Due from other governments	2,987,578	-	1,911,821	4,899,399
Advances to other funds	972,344	215,732	1,386,214	2,574,290
Inventories	1,194,392	-	-	1,194,392
Notes/contract receivable (non current)	38,434,621	-	-	38,434,621
Total Assets	82,296,955	9,694,477	30,396,088	122,387,520
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts/vouchers payable	3,478,282	-	2,186,026	5,664,308
Due to other funds	1,617,285	-	257,417	1,874,702
Due to other governments	44,029	-	[10]	44,019
Revenues collected in advance	71,476	-	-	71,476
Interfund loan payable	-	-	-	-
Other accrued liabilities	764,122	-	-	764,122
Other current liabilities	729,863	633	1,717,519	2,448,015
Deferred inflow of resources	659,774	3,578,723	6,114	4,244,611
Total Liabilities	7,364,831	3,579,356	4,167,066	15,111,253
Fund Balance				
Nonspendable	2,362,981	259,273	1,665,991	4,288,245
Restricted for:				
Capital projects	5,910,872	-	20,297,247	26,208,119
Debt service	-	5,855,848	-	5,855,848
Grants/other	40,828,651	-	-	40,828,651
Police and firefighters' pensions	403,498	-	-	403,498
Other	57,419	-	-	57,419
Committed	16,205,661	-	-	16,205,661
Assigned	9,163,042	-	4,265,784	13,428,826
Unassigned	-	-	-	-
Total Fund Balance	\$ 74,932,124	\$ 6,115,121	\$ 26,229,022	\$ 107,276,267

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 26,568,748	\$ 13,346,826	\$ 100,885	\$ 40,016,459
Licenses and permits	502,284	-	2,000	504,284
Intergovernmental	25,102,041	545,599	6,491,852	32,139,492
Charges for services	10,827,874	-	299,478	11,127,352
Fines and forfeitures	1,980,779	-	-	1,980,779
Miscellaneous	3,169,425	1,007,709	240,592	4,417,726
Interest income	85,396	37,090	245,711	368,197
Net increase (decrease) in fair value of investments	(160,551)	(35,480)	(228,447)	(424,478)
Total Revenues	68,075,996	14,901,744	7,152,071	90,129,811
EXPENDITURES				
Current:				
General government	8,707,691	5,087	687	8,713,465
Public safety	21,545,633	-	299,393	21,845,026
Utilities environment	-	-	-	-
Transportation	19,146,324	-	1,307,187	20,453,511
Economic environment	16,356,955	-	-	16,356,955
Mental and physical health	-	-	-	-
Culture and recreation	14,979,271	-	-	14,979,271
Capital outlays	6,075,051	-	18,973,871	25,048,922
Debt service:				
Principal	-	10,925,000	209,771	11,134,771
Interest	-	7,755,389	6,932	7,762,321
Total Expenditures	86,810,925	18,685,476	20,797,841	126,294,242
Excess of Revenues Over (Under) Expenditures	(18,734,929)	(3,783,732)	(13,645,770)	(36,164,431)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	607,992	-	1,633,346	2,241,338
Long term debt issued	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	27,916,903	5,211,346	-	33,128,249
Transfers out	(5,567,472)	(1,224,919)	(2,886,874)	(9,679,265)
Total Other Financing Sources (Uses)	22,957,423	3,986,427	(1,253,528)	25,690,322
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	4,222,494	202,695	(14,899,298)	(10,474,109)
Other Changes in Fund Balance				
Prior Period Adjustment	577,095	-	-	577,095
Fund Balance - beginning (restated)	70,132,535	5,912,426	41,128,320	117,173,281
Fund Balance - ending	\$ 74,932,124	\$ 6,115,121	\$ 26,229,022	\$ 107,276,267

City of Spokane

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Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes. Nonmajor Special Revenue Funds are described below:

Street Fund

The Street Fund is responsible for the maintenance of all City streets and bridges. Also, construction activities for City streets are coordinated through this fund.

Pension Contributions Fund

The Pension Contributions Fund is used to account for amounts levied and dedicated for police and fire pensions pursuant to RCW 41.16.050 and RCW 41.20.130. These accumulated funds are remitted to the respective pension trust funds.

Miscellaneous Grants Fund

The Miscellaneous Grants Fund accounts for all federal, state, and local grants, which should be accounted for outside the general fund, and for which no other fund exists.

Traffic Calming Measures Fund

The Traffic Calming Measures Fund accounts for amounts received from traffic safety camera infractions. The revenue from these violations is restricted for the purpose of traffic calming projects.

Parks Fund

The Park and Recreation Department of the Park Fund provides for leisure time activities through Park facilities. The department is also responsible for the acquisition, development, and maintenance of all park and recreation facilities within the City. It also includes monies received to be used for capital expenditures of the Park Department, as well as the activity of urban forestry, which enhances the street trees and the urban forest; public education; and planting, maintenance, protection, inspection and removal of public trees.

Included within the Parks Fund is the urban forestry fund, which accounts for monies related to the enhancement of the street trees and urban forest, including planting, maintenance, protection, inspection, and removal of public trees based on the criteria established by the National Arbor Day Foundation in order to maintain Tree City, USA status.

The Cumulative Reserve Fund is also included, which is used to account for monies earmarked for specific purposes consistent with the objectives of the Parks Fund.

Parking Meter Revenue Fund

The Parking Meter Revenue Fund accounts for parking meter revenues to provide for maintenance of public streets and roadways within the City and to loan to the public development authority's

ground lease account and its operating and maintenance account with respect to the River Park Square parking garage, as provided in Ordinance No. C-31823.

CBD Tree Maintenance Fund

The CBD Tree Maintenance Fund accounts for monies received for the purpose of maintaining the street trees in the Central Business District.

Paths & Trails Reserve Fund

The Paths and Trails Reserve Fund receives monies from the Road and Street Fuel Tax in accordance with RCW, Chapter 47.30.

Law Enforcement Information Systems Fund

The Law Enforcement Information Systems Fund accounts for monies to be used for the operation of the City/County computer-aided dispatch, jail, and records management system.

Real Estate Rental Fund

The Real Estate Rental Fund accounts for monies received from and the maintenance of rental properties held for future infrastructure development.

Local Law Enforcement Block Grant Fund

The Local Law Enforcement Block Grant Fund accounts for federal and state block grant monies related to law enforcement.

Human Services Grants Fund

The Human Services Grants Fund is used to account for Federal, State, or local human services grant funds not accounted for in another fund.

Forfeitures and Contributions Fund

The Forfeitures and Contributions Fund accounts for revenue received from forfeitures of proceeds and instrumentalities of illegal drug activities, revenues from joint operations with other agencies, donations to particular programs and incidental sales of promotions items. Unobligated net proceeds shall be used exclusively for the expansion and improvement of controlled substances related law enforcement activity.

Intermodal Facility Operation Fund

The Intermodal Facility Operation Fund accounts for monies received from lease agreements or other sources to be used for maintenance and operation expenses of the intermodal facility.

Hotel/Motel Tax Fund

The Hotel/Motel Tax Fund accounts for monies received from the Transient Accommodations Tax that is subsequently transferred to debt service and operating funds.

Real Estate Excise Tax Fund

The Real Estate Excise Tax Fund accounts for excise tax proceeds used for financing capital projects specified in a capital facilities plan element of a comprehensive plan developed under the Growth Management Act.

City of Spokane

Public Safety and Judicial Grants Fund

The Public Safety and Judicial Grants Fund accounts for monies received from federal, state, and local grants related to public safety and law enforcement.

Combined Communications Center

The Combined Communications Center fund accounts for revenues and expenditures for the fire service communications and dispatch centers operated by the City Fire Department pursuant to interlocal cooperation agreement between the City of Spokane and Fire Protection Districts 1, 8, and 9 of Spokane County.

Communications Building Maintenance & Operations Fund

The Communications Building Maintenance and Operations Fund accounts for funds to be used for the administration, maintenance and operation of the City's communications building. This building is jointly used by the City of Spokane and Spokane County in accordance with an interlocal agreement.

Community Development Fund

The Community Development Fund accounts for the execution of the Community Block Grant as specified by Title 1 of the Housing and Community Development Grant of 1974.

Miscellaneous Community Development Grants Fund

The Miscellaneous Community Development Grants Fund accounts for grant monies received that are not accounted for in another fund.

HOME Program Grant Fund

The HOME Program Grant Fund accounts for monies received from the U.S. Department of Housing and Urban Development HOME Grant program.

Housing Assistance Program Fund

The Housing Assistance Program Fund accounts for monies received from the State of Washington Department of Community Development to be used for the rehabilitation of low-income owner occupied homes.

CD Home Rehabilitation Fund

The CD Home Rehabilitation Fund accounts for monies received from Community Development Grant funds to be used for projects authorized under the home rehabilitation program.

Rental Rehabilitation Fund

The Rental Rehabilitation Fund accounts for all monies received by the City from HUD under the Rental Rehabilitation Grant Program.

UDAG Escrow Fund

The UDAG Escrow Fund accounts for loan repayments received by the City under the HUD Action Grant Program.

Workforce Development Council Funds

The Workforce Development Council Funds account for monies received from the Federal government to be used for job training under the Workforce Investment Act (WIA). The funds consist of:

City of Spokane

WIA Adult Programs Fund
WIA Youth Programs Fund
WIA Dislocated Worker Fund
WIA Governor's Grant Fund
WIA Administrative Cost Pool Fund
WIA Special Projects Fund

Emergency Shelter Fund

The Emergency Shelter Fund accounts for all monies received by the City from the United States Department of Housing and Urban Development under the Emergency Shelter Grant Program.

Trial Court Improvement Fund

The Trial Court Improvement Fund accounts for monies received from the State to be used for municipal court staffing, programs, facilities and services as appropriated by the City Council.

Criminal Justice Assistance Fund

The Criminal Justice Assistance Fund accounts for monies received from the State to be used for criminal justice purposes.

Housing Stabilization Program Fund

The Housing Stabilization Program Fund accounts for loans and loan guarantees as prescribed in the program administered by the City Community Development department.

Cable TV Equipment Reserve Fund

The Cable TV Equipment Reserve Fund accounts for monies received from TCI Communications and other sources to be used for the purchase of equipment for various City cable television projects.

Emergency Medical Services Fund

The Emergency Medical Services (EMS) Fund accounts for monies used by rapid response units dealing with medical emergencies and providing advanced and basic life support functions.

Defined Contribution Administrative Fund

The Defined Contribution Administration Fund accounts for the receipt of revenues and for the payment of expenditures related to the 457 Plan.

**Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013**

continued

	Street	Pension Contributions	Misc Grant	Traffic Calming Measures	Park	Parking Meter
ASSETS						
Cash and cash equivalents	\$ 1,865,986	\$ 384,659	\$ 88,173	\$ 1,538,905	\$ 666,854	\$ 253,992
Deposits with fiscal agents/trustees	-	-	-	14,294	-	-
Equity in pooled investments	1,183,301	-	-	-	4,471,441	358,578
Taxes receivable	604,258	243,720	-	-	-	-
Accounts receivable	27,900	-	-	264,781	112,314	(87)
Interest receivable	382	-	-	-	1,637	173
Due from other funds	1,414,614	-	-	10	21,758	357
Interfund loan receivable	13,761	-	-	-	51,940	4,101
Due from other governments	-	-	15,692	-	-	-
Advances to other funds	68,184	-	-	-	257,347	20,318
Inventories	1,039,355	-	-	-	155,037	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	6,217,741	628,379	103,865	1,817,990	5,738,328	637,432
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	448,224	-	-	61,561	384,152	18,922
Due to other funds	568,140	-	93,246	32,534	22,880	20,175
Due to other governments	-	26,639	-	-	-	-
Revenues collected in advance	-	-	-	-	71,476	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	201,013	-	-	-	191,231	20,273
Other current liabilities	150	-	-	-	68,171	225
Deferred inflow of resources	-	198,242	10,619	-	-	-
Total Liabilities	1,217,527	224,881	103,865	94,095	737,910	59,595
Fund Balance:						
Nonspendable	1,121,300	-	-	-	464,324	24,419
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Police and firefighters' pensions	-	403,498	-	-	-	-
Grants	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Committed	-	-	-	1,605,093	3,518,600	143,311
Assigned	3,878,914	-	-	118,802	1,017,494	410,107
Total Fund Balance	\$ 5,000,214	\$ 403,498	\$ -	\$ 1,723,895	\$ 5,000,418	\$ 577,837

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City of Spokane

Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013

continued

	Paths & Trails	Low Enforcement Information Systems	Real Estate Rental	Low Enforcement Block Grant	Human Services Grants	Forfeitures & Contributions
ASSETS						
Cash and cash equivalents	\$ 201,613	\$ 212,505	\$ 122,225	\$ 4,400	\$ 873,252	\$ 409,530
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	-	-	-	49,258	448,097	392,576
Taxes receivable	2,449	-	-	-	45,571	1,764
Accounts receivable	-	72,238	242	(8)	-	-
Interest receivable	-	-	-	-	355	136
Due from other funds	2	1,433	-	-	23,301	24,782
Interfund loan receivable	-	-	-	461	5,202	4,558
Due from other governments	-	116,814	-	-	1,019,574	-
Advances to other funds	-	-	-	2,286	25,777	22,583
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	204,064	402,990	122,467	56,397	2,441,129	855,929
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	2	25,351	-	10,951	949,522	65,875
Due to other funds	-	5	-	-	89,215	-
Due to other governments	-	-	-	-	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	31,862	-	3,913	-	-
Other current liabilities	-	44	4,214	-	736	12,743
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	2	57,262	4,214	14,864	1,039,473	78,618
Fund Balance:						
Nonspendable	-	-	-	2,747	30,979	27,141
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	204,062	-	-	-	-	-
Police and firefighters' pensions	-	-	-	-	-	-
Grants	-	-	-	38,786	-	-
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Committed	-	-	118,253	-	-	616,773
Assigned	-	345,728	-	-	1,370,677	133,397
Total Fund Balance	\$ 204,062	\$ 345,728	\$ 118,253	\$ 41,533	\$ 1,401,656	\$ 777,311

City of Spokane

Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013

continued

	Intermodal Facility Operation	Hotel/Motel Lodging Tax	Real Estate Excise Tax	Public Safety & Judicial Grants	Combined Communications Center	Communications Building M&O
ASSETS						
Cash and cash equivalents	\$ 38,361	\$ 326,451	\$ 6,554,042	\$ 66,181	\$ 182,063	\$ -
Deposits with fiscal agents/trustees	1,346	-	-	-	-	-
Equity in pooled investments	1,546	-	-	34	4,212,822	239,997
Taxes receivable	-	371,571	106,396	-	-	-
Accounts receivable	-	-	-	50,394	84,319	-
Interest receivable	1	-	-	-	1,308	85
Due from other funds	2	-	3	39,775	168	4
Interfund loan receivable	18	-	-	-	48,907	2,789
Due from other governments	-	-	-	40,610	-	-
Advances to other funds	88	-	-	2	242,321	13,817
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	41,362	698,022	6,660,441	196,996	4,771,908	256,692
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	33	638,522	277	11,672	28,487	16,369
Due to other funds	-	1	-	14,213	168,830	194
Due to other governments	-	-	-	17,369	1	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	2,734	68,647	-
Other current liabilities	-	-	-	2,021	158	3,494
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	33	638,523	277	48,009	266,123	20,057
Fund Balance:						
Nonspendable	106	-	-	2	291,228	16,606
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	5,706,810	-	-	-
Police and firefighters' pensions	-	-	-	-	-	-
Grants	-	-	-	148,985	-	-
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	56,999	-	-	-	-
Committed	41,223	-	-	-	4,083,322	187,104
Assigned	-	2,500	953,354	-	131,235	32,925
Total Fund Balance	\$ 41,329	\$ 59,499	\$ 6,660,164	\$ 148,987	\$ 4,505,785	\$ 236,635

City of Spokane

Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013

continued

	Community Development	Community Development / Human Services Operations	Community Development Block Grant Program	Community Development Block Grant Revolving	Misc Community Development Grants	Home Program
ASSETS						
Cash and cash equivalents	\$ 5,447	\$ 4,133	\$ 101,920	\$ 292,787	\$ 29,380	\$ 98,674
Deposits with fiscal agents/trustees	-	-	-	7,815	-	4,547
Equity in pooled investments	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-
Accounts receivable	554	-	1,101	(61)	-	-
Interest receivable	-	-	-	-	-	-
Due from other funds	-	529,258	99,159	-	9,809	-
Interfund loan receivable	-	-	-	-	-	-
Due from other governments	-	-	387,296	-	112,062	-
Advances to other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	17,821,705	1,405,844	16,310,088
Total Assets	6,001	533,391	589,476	18,122,246	1,557,095	16,413,309
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	-	2,609	58,872	68,601	-	162
Due to other funds	-	31,935	374,283	104,316	74,345	2,180
Due to other governments	-	-	-	-	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	23,847	-	-	-	-
Other current liabilities	3,444	-	16,493	17,725	-	-
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	3,444	58,391	449,648	190,642	74,345	2,342
Fund Balance:						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Police and firefighters' pensions	-	-	-	-	-	-
Grants	2,557	475,000	139,828	17,931,604	1,482,750	16,410,967
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balance	\$ 2,557	\$ 475,000	\$ 139,828	\$ 17,931,604	\$ 1,482,750	\$ 16,410,967

City of Spokane

Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013

continued

	Housing Assistance	Home Rehabilitation	Rental Rehabilitation	UDAG	WIA Adult Programs	WIA Youth Programs
ASSETS						
Cash and cash equivalents	\$ 70,046	\$ 3,206	\$ 268,937	\$ -	\$ -	\$ -
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	41,878	-	553,249	804,832	-	-
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest receivable	32	-	439	638	-	-
Due from other funds	-	-	-	-	-	-
Interfund loan receivable	485	-	6,423	9,343	-	-
Due from other governments	154,507	-	-	-	-	-
Advances to other funds	2,404	-	31,826	46,292	-	-
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	2,311,420	-	506,373	-	-	-
Total Assets	2,580,772	3,206	1,367,247	861,105	-	-
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	-	-	-	-	-	-
Due to other funds	6,553	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Other current liabilities	-	-	2,868	586,917	-	253
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	6,553	-	2,868	586,917	-	253
Fund Balance:						
Nonspendable	2,889	-	38,249	55,635	-	-
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Police and firefighters' pensions	-	-	-	-	-	-
Grants	2,571,330	3,206	1,326,130	218,553	-	(253)
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balance	\$ 2,574,219	\$ 3,206	\$ 1,364,379	\$ 274,188	\$ -	\$ (253)

City of Spokane

Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013

continued

	WIA Dislocated Worker	WIA Governor's Grant	WIA Admin Cost Pool	WIA Special Projects	Emergency Shelter	Trial Court Improvement
ASSETS						
Cash and cash equivalents	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ 420
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	100	-	-	-
Interest receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Interfund loan receivable	-	-	-	-	-	-
Due from other governments	-	-	871	-	-	-
Advances to other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	-	17	971	-	-	420
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	-	-	-	-	-	-
Due to other funds	-	-	971	-	-	-
Due to other governments	-	-	-	-	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	-	-	971	-	-	-
Fund Balance:						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Police and firefighters' pensions	-	-	-	-	-	-
Grants	-	17	-	-	-	-
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	-	-	-	-	420
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balance	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ 420

City of Spokane

Combining Balance Sheet
Non Major Special Revenue Funds
December 31, 2013

concluded

	Criminal Justice Assistance Improvement	Housing Stabilization Program	Cable TV Equipment Reserve	Emergency Medical Services	Defined Contribution Admin	Total
ASSETS						
Cash and cash equivalents	\$ 731,506	\$ -	\$ 38,520	\$ 305,494	\$ 17,717	\$ 15,757,394
Deposits with fiscal agents/trustees	-	-	-	10,226	-	38,228
Equity in pooled investments	1,247,179	-	525,141	2,389,015	-	16,918,944
Taxes receivable	973,537	-	-	513,175	-	2,862,441
Accounts receivable	-	-	18,640	35,363	-	667,790
Interest receivable	989	-	183	375	-	6,733
Due from other funds	-	-	6	95,801	1	2,260,243
Interfund loan receivable	14,477	-	6,101	27,679	-	196,245
Due from other governments	1,140,152	-	-	-	-	2,987,578
Advances to other funds	71,729	-	30,228	137,142	-	972,344
Inventories	-	-	-	-	-	1,194,392
Notes/contract receivable (non current)	-	79,191	-	-	-	38,434,621
Total Assets	4,179,569	79,191	618,819	3,514,270	17,718	82,296,955
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	560,626	-	37,221	90,267	4	3,478,282
Due to other funds	1	-	-	(12)	13,280	1,617,285
Due to other governments	-	-	-	20	-	44,029
Revenues collected in advance	-	-	-	-	-	71,476
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	220,602	-	764,122
Other current liabilities	-	-	-	10,207	-	729,863
Deferred inflow of resources	-	-	-	450,913	-	659,774
Total Liabilities	560,627	-	37,221	771,997	13,284	7,344,831
Fund Balance:						
Nonspendable	86,206	-	36,329	164,821	-	2,362,981
Restricted for:						
Inventories	-	-	-	-	-	-
Capital projects	-	-	-	-	-	5,910,872
Police and firefighters' pensions	-	-	-	-	-	403,498
Grants	-	79,191	-	-	-	40,828,651
Debt service	-	-	-	-	-	-
Criminal justice	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Other	-	-	-	-	-	57,419
Committed	3,382,550	-	133,207	2,371,791	4,434	16,205,661
Assigned	150,186	-	412,062	205,661	-	9,163,042
Total Fund Balance	\$ 3,618,942	\$ 79,191	\$ 581,598	\$ 2,742,273	\$ 4,434	\$ 74,932,124

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Street	Pension Contributions	Misc Grant	Traffic Calming Measures	Park	Parking Meter
REVENUES						
Taxes	\$ 1,790,156	\$ 8,380,004	\$ -	\$ -	\$ -	\$ -
Licenses and permits	6,847	-	-	-	383	267,665
Intergovernmental	3,110,023	-	91,977	-	2,357,347	-
Charges for services	2,821,602	-	-	-	2,777,565	2,671,172
Fines and forfeitures	-	-	-	1,746,183	14,209	-
Miscellaneous	63,581	-	1,269	-	2,023,555	(654)
Interest income	22,237	-	-	-	12,404	2,903
Net increase (decrease) in fair value of investments	(11,231)	-	-	-	(42,372)	(3,318)
Total Revenues	7,803,215	8,380,004	93,246	1,746,183	7,143,091	2,937,768
EXPENDITURES						
Current:						
General government	-	8,242,961	-	-	154,799	-
Public safety	1,628,589	-	-	851,719	-	504,504
Transportation	17,839,466	-	-	34,573	39,496	750,582
Economic environment	-	-	93,246	-	584,351	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	14,979,271	-
Capital outlays	64,245	-	-	269,936	3,558,251	716,915
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	19,532,300	8,242,961	93,246	1,156,228	19,316,168	1,972,001
Excess of Revenues Over (Under) Expenditures	(11,729,085)	137,043	-	589,955	(12,173,077)	965,767
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	95,668	-	-	-	14,275	-
Collection of revolving loans	-	-	-	-	-	-
Transfers in	13,623,604	-	-	-	12,636,517	690,008
Transfers out	(1,464,392)	-	-	-	(166,648)	(2,279,085)
Total Other Financing Sources (Uses)	12,254,880	-	-	-	12,484,144	(1,589,077)
Change in Fund Balance	525,795	137,043	-	589,955	311,067	(623,310)
Other Changes in Fund Balance						
Prior period adjustment	75,868	-	-	-	-	-
Fund Balance - beginning (restated)	4,398,551	266,455	0	1,133,940	4,689,351	1,201,147
Fund Balance - ending	\$ 5,000,214	\$ 403,498	\$ -	\$ 1,723,895	\$ 5,000,418	\$ 577,837

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Paths & Trails	Law Enforcement Information Systems	Real Estate Rental	Law Enforcement Block Grant	Human Services Grants	Forfeitures & Contributions
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	15,272	710,989	-	31,267	6,498,697	225,046
Charges for services	-	924,777	-	-	929,242	26,342
Fines and forfeitures	-	-	-	-	-	114,847
Miscellaneous	-	-	-	-	-	114,920
Interest income	-	-	-	454	4,328	830
Net increase (decrease) in fair value of investments	-	-	-	(255)	(4,339)	(3,829)
Total Revenues	15,272	1,635,766	-	31,466	7,427,928	478,156
EXPENDITURES						
Current:						
General government	-	-	1,700	-	-	-
Public safety	-	1,660,019	-	249,786	-	355,394
Transportation	8	-	-	-	-	-
Economic environment	-	-	-	-	7,210,594	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	24,468	-	167,220	-	110,421
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	8	1,684,487	1,700	417,006	7,210,594	465,815
Excess of Revenues Over (Under) Expenditures	15,264	(48,721)	(1,700)	(385,540)	217,334	12,341
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	238,101
Collection of revolving loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	238,101
Change in Fund Balance	15,264	(48,721)	(1,700)	(385,540)	217,334	250,442
Other Changes in Fund Balance						
Prior period adjustment	-	206,802	-	-	-	-
Fund Balance - beginning (restated)	188,798	187,647	119,953	427,073	1,184,322	526,869
Fund Balance - ending	\$ 204,062	\$ 345,728	\$ 118,253	\$ 41,533	\$ 1,401,656	\$ 777,311

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Intermodal Facility Operation	Hotel/Motel Lodging Tax	Real Estate Excise Tax	Public Safety & Judicial Grants	Combined Communications Center	Communications Building M&O
REVENUES						
Taxes	\$ -	\$ 2,840,166	\$ 1,681,271	\$ -	\$ 1,155,121	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	424,710	1,757,775	150,651
Charges for services	-	-	-	-	1,084	115,270
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	410,943	-	-	-	-	8,999
Interest income	-	-	-	-	7,322	771
Net increase (decrease) in fair value of investments	-	-	-	-	(39,818)	(2,297)
Total Revenues	410,943	2,840,166	1,681,271	424,710	2,881,484	273,394
EXPENDITURES						
Current:						
General government	-	-	1,477	-	-	-
Public safety	-	-	-	330,780	2,768,604	245,171
Transportation	482,199	-	-	-	-	-
Economic environment	-	2,846,702	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	-	-	121,004	101,748	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	482,199	2,846,702	1,477	451,784	2,870,352	245,171
Excess of Revenues Over (Under) Expenditures	(71,256)	(6,536)	1,679,794	(27,074)	11,132	28,223
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Collection of revolving loans	-	-	-	-	-	-
Transfers in	71,369	-	-	46,095	-	-
Transfers out	-	-	(400,000)	-	-	-
Total Other Financing Sources (Uses)	71,369	-	(400,000)	46,095	-	-
Change in Fund Balance	113	(6,536)	1,279,794	19,021	11,132	28,223
Other Changes in Fund Balance						
Prior period adjustment	-	-	75,868	(34,624)	-	-
Fund Balance - beginning (restated)	41,216	66,035	5,304,502	164,590	4,494,653	208,412
Fund Balance - ending	\$ 41,329	\$ 59,499	\$ 6,660,164	\$ 148,987	\$ 4,505,785	\$ 236,635

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Community Development	Community Development / Human Services Operations	Community Development Block Grant Program	Community Development Block Grant Revolving	Misc Community Development Grants	Home Program
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	(2,817)	-	2,392,275	75,721	661,846	1,547,712
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	36,500	290,311	472	67,862
Interest income	40	-	417	-	501	1,792
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Total Revenues	(2,777)	-	2,429,192	366,032	662,819	1,617,366
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	12	-	1,403,522	659,581	693,475	345,689
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	-	755,398	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	12	-	2,158,920	659,581	693,475	345,689
Excess of Revenues Over (Under) Expenditures	(2,789)	-	270,272	(293,549)	(30,656)	1,271,677
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	259,948	-	-
Collection of revolving loans	-	-	-	-	-	-
Transfers in	-	475,000	277,462	94,009	-	-
Transfers out	(11,466)	-	(408,106)	(360,206)	-	-
Total Other Financing Sources (Uses)	(11,466)	475,000	(130,444)	(6,249)	-	-
Change in Fund Balance	(14,255)	475,000	139,828	(299,798)	(30,656)	1,271,677
Other Changes in Fund Balance						
Prior period adjustment	-	-	-	-	-	-
Fund Balance - beginning (restated)	16,812	-	-	18,231,402	1,513,406	15,139,290
Fund Balance - ending	\$ 2,557	\$ 475,000	\$ 139,828	\$ 17,931,604	\$ 1,482,750	\$ 16,410,967

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Housing Assistance	Home Rehabilitation	Rental Rehabilitation	UDAG	WIA Adult Programs	WIA Youth Programs
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,247,168	-	-	-	612,589	571,809
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	50,609	-	-	-
Interest income	427	-	9,131	7,746	-	-
Net increase (decrease) in fair value of investments	(510)	-	(5,360)	(7,658)	-	-
Total Revenues	1,247,085	-	54,380	88	612,589	571,809
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	7,704	-	44,744	-	612,589	571,809
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	7,704	-	44,744	-	612,589	571,809
Excess of Revenues Over (Under) Expenditures	1,239,381	-	9,636	88	-	-
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Collection of revolving loans	-	-	-	-	-	-
Transfers in	-	-	-	-	570	498
Transfers out	-	-	(475,000)	-	-	-
Total Other Financing Sources (Uses)	-	-	(475,000)	-	570	498
Change in Fund Balance	1,239,381	-	(465,364)	88	570	498
Other Changes in Fund Balance						
Prior period adjustment	-	-	-	-	-	-
Fund Balance - beginning (restated)	1,334,838	3,206	1,829,743	274,100	(570)	(751)
Fund Balance - ending	\$ 2,574,219	\$ 3,206	\$ 1,364,379	\$ 274,188	\$ -	\$ (253)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

Continued

	WIA Dislocated Worker	WIA Governor's Grant	WIA Admin Cost Pool	WIA Special Projects	Emergency Shelter	Trial Court Improvement
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	628,649	357,263	202,449	49,477	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	15,572	11,774	-	-
Interest income	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Total Revenues	628,649	357,263	218,021	61,251	-	-
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	628,649	357,263	217,414	61,251	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	628,649	357,263	217,414	61,251	-	-
Excess of Revenues Over (Under) Expenditures	-	-	607	-	-	-
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Collection of revolving loans	-	-	-	-	-	-
Transfers in	555	-	1,016	-	-	-
Transfers out	-	-	(2,569)	-	-	-
Total Other Financing Sources (Uses)	555	-	(1,553)	-	-	-
Change in Fund Balance	555	-	(946)	-	-	-
Other Changes in Fund Balance						
Prior period adjustment	-	-	-	-	-	-
Fund Balance - beginning (restated)	(555)	17	946	0	0	420
Fund Balance - ending	\$ -	\$ 17	\$ -	\$ -	\$ -	\$ 420

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013

	Concluded					
	Criminal Justice Assistance	Housing Stabilization Program	Cable TV Equipment Reserve	Emergency Medical Services	Defined Contribution Admin	Total
REVENUES						
Taxes	\$ 3,426,779	\$ -	\$ -	\$ 7,295,251	\$ -	\$ 26,568,748
Licenses and permits	-	-	227,389	-	-	502,284
Intergovernmental	1,372,938	-	-	11,208	-	25,102,041
Charges for services	70,946	-	-	489,874	-	10,827,874
Fines and forfeitures	-	-	-	105,540	-	1,980,779
Miscellaneous	-	-	1,128	2,584	70,000	3,169,425
Interest income	11,978	-	1,280	835	-	85,396
Net increase (decrease) in fair value of investments	(11,742)	-	(5,105)	(22,717)	-	(160,551)
Total Revenues	4,870,899	-	224,692	7,882,575	70,000	68,075,996
EXPENDITURES						
Current:						
General government	2,315	-	-	235,695	68,744	8,707,691
Public safety	4,697,931	-	330,357	7,922,779	-	21,545,633
Transportation	-	-	-	-	-	19,146,324
Economic environment	-	18,360	-	-	-	16,356,955
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	14,979,271
Capital outlays	-	-	-	185,445	-	6,075,051
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	4,700,246	18,360	330,357	8,343,919	68,744	86,810,925
Excess of Revenues Over (Under) Expenditures	170,653	(18,360)	(105,665)	(461,344)	1,256	(18,734,929)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	607,992
Collection of revolving loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	27,916,903
Transfers out	-	-	-	-	-	(5,567,472)
Total Other Financing Sources (Uses)	-	-	-	-	-	22,957,423
Change in Fund Balance	170,653	(18,360)	(105,665)	(461,344)	1,256	4,222,494
Other Changes in Fund Balance						
Prior period adjustment	253,181	-	-	-	-	577,095
Fund Balance - beginning (restated)	3,195,108	97,551	687,263	3,203,617	3,178	70,132,535
Fund Balance - ending	\$ 3,618,942	\$ 79,191	\$ 581,598	\$ 2,742,273	\$ 4,434	\$ 74,932,124

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Street Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,790,156	\$ 590,156
Licenses and permits	3,500	3,500	6,847	3,347
Intergovernmental	3,213,000	3,213,000	3,110,023	(102,977)
Charges for services	1,961,250	1,998,515	2,821,602	823,087
Fines and forfeitures	-	-	-	-
Miscellaneous	136,493	136,493	74,587	(61,906)
Total resources	6,514,243	6,551,508	7,803,215	1,251,707
EXPENDITURES				
General government	-	-	-	-
Public safety	1,540,952	1,640,078	1,628,589	11,489
Transportation	17,760,178	17,877,810	17,839,466	38,344
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	87,703	82,553	64,245	18,308
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	19,388,833	19,600,441	19,532,300	68,141
Excess resources over expenditures	(12,874,590)	(13,048,933)	(11,729,085)	1,319,848
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	95,668	95,668
Collection of revolving loans	-	-	-	-
Transfers in	13,623,604	13,623,604	13,623,604	-
Transfers out	(1,466,555)	(1,466,555)	(1,464,392)	2,163
Total other financing sources (uses)	12,157,049	12,157,049	12,254,880	97,831
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(717,541)	(891,884)	525,795	1,417,679
Other changes in fund balance				
Prior period adjustment	-	-	75,868	75,868
Fund Balance - beginning	4,398,551	4,398,551	4,398,551	-
Fund Balance - ending	\$ 3,681,010	\$ 3,506,667	\$ 5,000,214	\$ 1,493,547

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Pension Contributions Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 9,241,400	\$ 9,241,400	\$ 8,380,004	\$ (861,396)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	9,241,400	9,241,400	8,380,004	(861,396)
EXPENDITURES				
General government	9,241,400	9,241,400	8,242,961	998,439
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	9,241,400	9,241,400	8,242,961	998,439
Excess resources over expenditures	-	-	137,043	137,043
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	137,043	137,043
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	266,455	266,455	266,455	-
Fund Balance - ending	\$ 266,455	\$ 266,455	\$ 403,498	\$ 137,043

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Miscellaneous Grants Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	410,000	500,000	91,977	(408,023)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	1,269	1,269
Total resources	410,000	500,000	93,246	(406,754)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	410,000	500,000	93,246	406,754
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	1,730	-	1,730
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	410,000	501,730	93,246	408,484
Excess resources over expenditures	-	(1,730)	-	1,730
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(1,730)	-	1,730
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ (1,730)	\$ -	\$ 1,730

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Traffic Calming Measures Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	1,200,000	1,200,000	1,746,183	546,183
Miscellaneous	-	-	-	-
Total resources	1,200,000	1,200,000	1,746,183	546,183
EXPENDITURES				
General government	-	-	-	-
Public safety	900,000	900,000	851,719	48,281
Transportation	1,221	24,221	34,573	(10,352)
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,000,000	977,000	269,936	707,064
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,901,221	1,901,221	1,156,228	744,993
Excess resources over expenditures	(701,221)	(701,221)	589,955	1,291,176
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(701,221)	(701,221)	589,955	1,291,176
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,133,940	1,133,940	1,133,940	-
Fund Balance - ending	\$ 432,719	\$ 432,719	\$ 1,723,895	\$ 1,291,176

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Park Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	10,700	10,700	383	(10,317)
Intergovernmental	370,000	2,340,000	2,357,347	17,347
Charges for services	2,786,800	2,773,400	2,777,565	4,165
Fines and forfeitures	18,000	18,000	14,209	(3,791)
Miscellaneous	2,152,000	2,690,400	1,993,587	(696,813)
Total resources	5,337,500	7,832,500	7,143,091	(689,409)
EXPENDITURES				
General government	138,767	150,467	154,799	(4,332)
Public safety	-	-	-	-
Transportation	30,000	34,000	39,496	(5,496)
Economic environment	588,478	593,653	584,351	9,302
Mental and physical health	-	-	-	-
Culture and recreation	15,294,918	15,654,813	14,979,271	675,542
Capital outlay	2,036,500	4,705,251	3,558,251	1,147,000
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	18,088,663	21,138,184	19,316,168	1,822,016
Excess resources over expenditures	(12,751,163)	(13,305,684)	(12,173,077)	1,132,607
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	14,275	14,275
Collection of revolving loans	-	-	-	-
Transfers in	12,652,517	12,656,517	12,636,517	(20,000)
Transfers out	(160,053)	(168,153)	(166,648)	1,505
Total other financing sources (uses)	12,492,464	12,488,364	12,484,144	(4,220)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(258,699)	(817,320)	311,067	1,128,387
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	4,689,351	4,689,351	4,689,351	-
Fund Balance - ending	\$ 4,430,652	\$ 3,872,031	\$ 5,000,418	\$ 1,128,387

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Parking Meter Revenue Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	276,000	276,000	267,665	(8,335)
Intergovernmental	-	-	-	-
Charges for services	2,900,000	2,930,000	2,671,172	(258,828)
Fines and forfeitures	-	-	-	-
Miscellaneous	22,000	22,000	(1,069)	(23,069)
Total resources	3,198,000	3,228,000	2,937,768	(290,232)
EXPENDITURES				
General government	-	-	-	-
Public safety	505,962	505,962	504,504	1,458
Transportation	779,926	1,995,379	750,582	1,244,797
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	716,915	(716,915)
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,285,888	2,501,341	1,972,001	529,340
Excess resources over expenditures	1,912,112	726,659	965,767	239,108
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	690,008	690,008	690,008	-
Transfers out	(2,279,085)	(2,279,085)	(2,279,085)	-
Total other financing sources (uses)	(1,589,077)	(1,589,077)	(1,589,077)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	323,035	(862,418)	(623,310)	239,108
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,201,147	1,201,147	1,201,147	-
Fund Balance - ending	\$ 1,524,182	\$ 338,729	\$ 577,837	\$ 239,108

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Paths Trails Reserve Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	15,000	15,000	15,272	272
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	400,000	400,000	-	(400,000)
Total resources	415,000	415,000	15,272	(399,728)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	8	(8)
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	20,000	20,000	-	20,000
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	20,000	20,000	8	19,992
Excess resources over expenditures	395,000	395,000	15,264	(379,736)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	(11,000)	(11,000)	-	11,000
Transfers out	-	-	-	-
Total other financing sources (uses)	(11,000)	(11,000)	-	11,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	384,000	384,000	15,264	(368,736)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	188,798	188,798	188,798	-
Fund Balance - ending	\$ 572,798	\$ 572,798	\$ 204,062	\$ (368,736)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Law Enforcement Information Systems Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	740,000	740,000	710,989	(29,011)
Charges for services	989,967	989,967	924,777	(65,190)
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	1,729,967	1,729,967	1,635,766	(94,201)
EXPENDITURES				
General government	-	-	-	-
Public safety	1,774,223	1,800,626	1,660,019	140,607
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	60,098	76,835	24,468	52,367
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,834,321	1,877,461	1,684,487	192,974
Excess resources over expenditures	(104,354)	(147,494)	(48,721)	98,773
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(104,354)	(147,494)	(48,721)	98,773
Other changes in fund balance				
Prior period adjustment	-	-	206,802	206,802
Fund Balance - beginning	187,647	187,647	187,647	-
Fund Balance - ending	\$ 83,293	\$ 40,153	\$ 345,728	\$ 305,575

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Real Estate Rental Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	1,700	(1,700)
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	1,700	(1,700)
Excess resources over expenditures	-	-	(1,700)	(1,700)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(125,000)	(125,000)	-	125,000
Total other financing sources (uses)	(125,000)	(125,000)	-	125,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(125,000)	(125,000)	(1,700)	123,300
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning (restated)	119,953	119,953	119,953	-
Fund Balance - ending	\$ (5,047)	\$ (5,047)	\$ 118,253	\$ 123,300

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Local Law Enforcement Block Grant Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	217,389	31,267	(186,122)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	2,000	2,000	199	(1,801)
Total resources	2,000	219,389	31,466	(187,923)
EXPENDITURES				
General government	-	-	-	-
Public safety	339,264	507,028	249,786	257,242
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	215,000	369,431	167,220	202,211
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	554,264	876,459	417,006	459,453
Excess resources over expenditures	(552,264)	(657,070)	(385,540)	271,530
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(552,264)	(657,070)	(385,540)	271,530
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	427,073	427,073	427,073	-
Fund Balance - ending	\$ (125,191)	\$ (229,997)	\$ 41,533	\$ 271,530

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Human Services Grant Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	5,742,124	9,266,539	6,498,697	(2,767,842)
Charges for services	727,829	870,083	929,242	59,159
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	(11)	(11)
Total resources	6,469,953	10,136,622	7,427,928	(2,708,694)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	6,469,953	10,136,642	7,210,594	2,926,048
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,469,953	10,136,642	7,210,594	2,926,048
Excess resources over expenditures	-	(20)	217,334	217,354
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(20)	217,334	217,354
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,184,322	1,184,322	1,184,322	-
Fund Balance - ending	\$ 1,184,322	\$ 1,184,302	\$ 1,401,656	\$ 217,354

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Forfeitures Contributions Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	185,000	225,046	40,046
Charges for services	3,000	3,000	26,342	23,342
Fines and forfeitures	294,000	294,000	114,847	(179,153)
Miscellaneous	86,800	86,800	111,921	25,121
Total resources	383,800	568,800	478,156	(90,644)
EXPENDITURES				
General government	-	-	-	-
Public safety	395,635	634,596	355,394	279,202
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	175,000	251,121	110,421	140,700
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	570,635	885,717	465,815	419,902
Excess resources over expenditures	(186,835)	(316,917)	12,341	329,258
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	120,000	238,101	118,101
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	120,000	238,101	118,101
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(186,835)	(196,917)	250,442	447,359
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	526,869	526,869	526,869	-
Fund Balance - ending	\$ 340,034	\$ 329,952	\$ 777,311	\$ 447,359

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Intermodal Facility Operation Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	457,129	457,129	410,943	(46,186)
Total resources	457,129	457,129	410,943	(46,186)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	500,279	500,279	482,199	18,080
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	27,254	27,254	-	27,254
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	527,533	527,533	482,199	45,334
Excess resources over expenditures	(70,404)	(70,404)	(71,256)	(852)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	71,369	71,369	71,369	-
Transfers out	-	-	-	-
Total other financing sources (uses)	71,369	71,369	71,369	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	965	965	113	(852)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	41,216	41,216	41,216	-
Fund Balance - ending	\$ 42,181	\$ 42,181	\$ 41,329	(852)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Hotel/Motel Lodging Tax Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,840,166	\$ 440,166
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	2,400,000	2,400,000	2,840,166	440,166
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	2,401,375	2,406,875	2,846,702	(439,827)
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,401,375	2,406,875	2,846,702	(439,827)
Excess resources over expenditures	(1,375)	(6,875)	(6,536)	339
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,375)	(6,875)	(6,536)	339
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	66,035	66,035	66,035	-
Fund Balance - ending	\$ 64,660	\$ 59,160	\$ 59,499	\$ 339

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Real Estate Excise Tax Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,681,271	\$ 381,271
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	1,300,000	1,300,000	1,681,271	381,271
EXPENDITURES				
General government	2,505	2,505	1,477	1,028
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,505	2,505	1,477	1,028
Excess resources over expenditures	1,297,495	1,297,495	1,679,794	382,299
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(4,405,480)	(4,405,480)	(400,000)	4,005,480
Total other financing sources (uses)	(4,405,480)	(4,405,480)	(400,000)	4,005,480
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(3,107,985)	(3,107,985)	1,279,794	4,387,779
Other changes in fund balance				
Prior period adjustment	-	-	75,868	75,868
Fund Balance - beginning	5,304,502	5,304,502	5,304,502	-
Fund Balance - ending	\$ 2,196,517	\$ 2,196,517	\$ 6,660,164	\$ 4,463,647

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Public Safety and Judicial Grants Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,297,812	2,297,812	424,710	(1,873,102)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	2,297,812	2,297,812	424,710	(1,873,102)
EXPENDITURES				
General government	-	-	-	-
Public safety	433,894	611,139	330,780	280,359
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,923,717	1,746,471	121,004	1,625,467
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,357,611	2,357,610	451,784	1,905,826
Excess resources over expenditures	(59,799)	(59,798)	(27,074)	32,724
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	111,628	111,628	46,095	(65,533)
Transfers out	-	-	-	-
Total other financing sources (uses)	111,628	111,628	46,095	(65,533)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	51,829	51,830	19,021	(32,809)
Other changes in fund balance				
Prior period adjustment	-	-	(34,624)	(34,624)
Fund Balance - beginning	164,590	164,590	164,590	-
Fund Balance - ending	\$ 216,419	\$ 216,420	\$ 148,987	\$ (67,433)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Combined Communications Center Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 1,108,086	\$ 1,108,086	\$ 1,155,121	\$ 47,035
Licenses and permits	-	-	-	-
Intergovernmental	1,797,458	1,797,458	1,757,775	(39,683)
Charges for services	-	-	1,084	1,084
Fines and forfeitures	-	-	-	-
Miscellaneous	40,000	40,000	(32,496)	(72,496)
Total resources	2,945,544	2,945,544	2,881,484	(64,060)
EXPENDITURES				
General government	-	-	-	-
Public safety	2,974,447	2,989,498	2,768,604	220,894
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	496,049	725,327	101,748	623,579
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,470,496	3,714,825	2,870,352	844,473
Excess resources over expenditures	(524,952)	(769,281)	11,132	780,413
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(524,952)	(769,281)	11,132	780,413
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	4,494,653	4,494,653	4,494,653	-
Fund Balance - ending	\$ 3,969,701	\$ 3,725,372	\$ 4,505,785	\$ 780,413

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Communications Building Maintenance Operations Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	84,750	84,750	150,651	65,901
Charges for services	79,000	79,000	115,270	36,270
Fines and forfeitures	-	-	-	-
Miscellaneous	5,000	33,587	7,473	(26,114)
Total resources	168,750	197,337	273,394	76,057
EXPENDITURES				
General government	-	-	-	-
Public safety	314,988	360,300	245,171	115,129
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	314,988	360,300	245,171	115,129
Excess resources over expenditures	(146,238)	(162,963)	28,223	191,186
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(146,238)	(162,963)	28,223	191,186
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	208,412	208,412	208,412	-
Fund Balance - ending	\$ 62,174	\$ 45,449	\$ 236,635	\$ 191,186

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	(2,817)	(2,817)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	40	40
Total resources	-	-	(2,777)	(2,777)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	12	(12)
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	12	(12)
Excess resources over expenditures	-	-	(2,789)	(2,789)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(11,466)	(11,466)
Total other financing sources (uses)	-	-	(11,466)	(11,466)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(14,255)	(14,255)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	16,812	16,812	16,812	-
Fund Balance - ending	\$ 16,812	\$ 16,812	\$ 2,557	\$ (14,255)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development Human Services Operation Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	(16,271)	(14,599)	-	(14,599)
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	(16,271)	(14,599)	-	(14,599)
Excess resources over expenditures	16,271	14,599	-	(14,599)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	475,000	475,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	475,000	475,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	16,271	14,599	475,000	460,401
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ 16,271	\$ 14,599	\$ 475,000	\$ 460,401

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development Block Grant Program Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,800,000	4,800,000	2,392,275	(2,407,725)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	36,917	36,917
Total resources	4,800,000	4,800,000	2,429,192	(2,370,808)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	5,390,000	3,955,787	1,403,522	2,552,265
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	784,213	755,398	28,815
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	5,390,000	4,740,000	2,158,920	2,581,080
Excess resources over expenditures	(590,000)	60,000	270,272	210,272
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	650,000	-	-	650,000
Transfers in	-	-	277,662	277,662
Transfers out	(60,000)	(60,000)	(408,106)	(348,106)
Total other financing sources (uses)	590,000	(60,000)	(130,444)	(70,444)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	139,828	139,828
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ -	\$ 139,828	\$ 139,828

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development Block Grant Revolving Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	75,721	75,721
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	290,311	290,311
Total resources	-	-	366,032	366,032
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	650,000	659,581	(9,581)
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	650,000	659,581	(9,581)
Excess resources over expenditures	-	(650,000)	(293,549)	356,451
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	259,948	259,948
Collection of revolving loans	-	-	-	-
Transfers in	-	-	94,009	94,009
Transfers out	-	-	(360,206)	(360,206)
Total other financing sources (uses)	-	-	(6,249)	(6,249)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(650,000)	(299,798)	350,202
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning (restated)	18,231,402	18,231,402	18,231,402	-
Fund Balance - ending	\$ 18,231,402	\$ 17,581,402	\$ 17,931,604	\$ 350,202

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Miscellaneous Community Development Grants Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	710,000	710,000	661,846	(48,154)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	973	973
Total resources	710,000	710,000	662,819	(47,181)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	710,000	710,000	693,475	16,525
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	710,000	710,000	693,475	16,525
Excess resources over expenditures	-	-	(30,656)	(30,656)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(30,656)	(30,656)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,513,406	1,513,406	1,513,406	-
Fund Balance - ending	\$ 1,513,406	\$ 1,513,406	\$ 1,482,750	\$ (30,656)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Home Program Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,200,000	2,200,000	1,547,712	(652,288)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	69,654	69,654
Total resources	2,200,000	2,200,000	1,617,366	(582,634)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	2,200,000	2,200,000	345,689	1,854,311
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,200,000	2,200,000	345,689	1,854,311
Excess resources over expenditures	-	-	1,271,677	1,271,677
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	1,271,677	1,271,677
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	15,139,290	15,139,290	15,139,290	-
Fund Balance - ending	\$ 15,139,290	\$ 15,139,290	\$ 16,410,967	\$ 1,271,677

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Housing Assistance Program Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,400,000	1,400,000	1,247,168	(152,832)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	(83)	(83)
Total resources	1,400,000	1,400,000	1,247,085	(152,915)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	1,410,000	1,410,000	7,704	1,402,296
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,410,000	1,410,000	7,704	1,402,296
Excess resources over expenditures	(10,000)	(10,000)	1,239,381	1,249,381
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(10,000)	(10,000)	1,239,381	1,249,381
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,334,838	1,334,838	1,334,838	-
Fund Balance - ending	\$ 1,324,838	\$ 1,324,838	\$ 2,574,219	\$ 1,249,381

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Home Rehabilitation Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning (restated)	3,206	3,206	3,206	-
Fund Balance - ending	\$ 3,206	\$ 3,206	\$ 3,206	-

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Rental Rehabilitation Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	54,380	54,380
Total resources	-	-	54,380	54,380
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	500,000	375,000	44,744	330,256
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	500,000	375,000	44,744	330,256
Excess resources over expenditures	(500,000)	(375,000)	9,636	384,636
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(125,000)	(475,000)	(350,000)
Total other financing sources (uses)	-	(125,000)	(475,000)	(350,000)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(500,000)	(500,000)	(465,364)	34,636
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,829,743	1,829,743	1,829,743	-
Fund Balance - ending	\$ 1,329,743	\$ 1,329,743	\$ 1,364,379	\$ 34,636

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
UDAG Escrow Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	20,000	20,000	88	(19,912)
Total resources	20,000	20,000	88	(19,912)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	520,000	520,000	-	520,000
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	520,000	520,000	-	520,000
Excess resources over expenditures	(500,000)	(500,000)	88	500,088
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(500,000)	(500,000)	88	500,088
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	274,100	274,100	274,100	-
Fund Balance - ending	\$ (225,900)	\$ (225,900)	\$ 274,188	\$ 500,088

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
WIA Adult Programs Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	18,522	612,589	594,067
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	18,522	612,589	594,067
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	757,390	612,589	144,801
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	757,390	612,589	144,801
Excess resources over expenditures	-	(738,868)	-	738,868
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	570	570
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	570	570
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(738,868)	570	739,438
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	(570)	(570)	(570)	-
Fund Balance - ending	\$ (570)	\$ (739,438)	\$ -	\$ 739,438

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
WIA Youth Program Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	134,303	571,809	437,506
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	134,303	571,809	437,506
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	1,279,333	571,809	707,524
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,279,333	571,809	707,524
Excess resources over expenditures	-	(1,145,030)	-	1,145,030
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	498	498
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	498	498
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(1,145,030)	498	1,145,528
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	(751)	(751)	(751)	-
Fund Balance - ending	\$ (751)	\$ (1,145,781)	\$ (253)	\$ 1,145,528

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
WIA Dislocated Worker Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	18,782	628,649	609,867
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	18,782	628,649	609,867
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	1,163,811	628,649	535,162
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,163,811	628,649	535,162
Excess resources over expenditures	-	(1,145,029)	-	1,145,029
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	555	555
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	555	555
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(1,145,029)	555	1,145,584
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	(555)	(555)	(555)	-
Fund Balance - ending	\$ (555)	\$ (1,145,584)	\$ -	\$ 1,145,584

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
WIA Governor's Grant Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	752,358	357,263	(395,095)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	752,358	357,263	(395,095)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	1,780,430	357,263	1,423,167
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,780,430	357,263	1,423,167
Excess resources over expenditures	-	(1,028,072)	-	1,028,072
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(1,028,072)	-	1,028,072
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	17	17	17	-
Fund Balance - ending	\$ 17	\$ (1,028,055)	\$ 17	\$ 1,028,072

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
WIA Admin Cost Pool Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,500,000	3,515,964	202,449	(3,313,515)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	15,572	15,572
Total resources	3,500,000	3,515,964	218,021	(3,297,943)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	3,500,000	3,515,968	217,414	3,298,554
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,500,000	3,515,968	217,414	3,298,554
Excess resources over expenditures	-	(4)	607	611
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	1,016	1,016
Transfers out	-	-	(2,569)	(2,569)
Total other financing sources (uses)	-	-	(1,553)	(1,553)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(4)	(946)	(942)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	946	946	946	-
Fund Balance - ending	\$ 946	\$ 942	\$ -	\$ (942)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
WIA Special Projects Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	21,825	49,477	27,652
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	12,513	11,774	(739)
Total resources	-	34,338	61,251	26,913
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	148,984	61,251	87,733
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	148,984	61,251	87,733
Excess resources over expenditures	-	(114,646)	-	114,646
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(114,646)	-	114,646
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ (114,646)	\$ -	\$ 114,646

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Emergency Shelter Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ -	\$ -	\$ -

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Trial Court Improvement Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance	-	-	-	-
Prior period adjustment	-	-	-	-
Fund Balance - beginning	420	420	420	-
Fund Balance - ending	\$ 420	\$ 420	\$ 420	\$ -

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Criminal Justice Assistance Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 3,360,000	\$ 3,360,000	\$ 3,426,779	\$ 66,779
Licenses and permits	-	-	-	-
Intergovernmental	1,220,000	1,220,000	1,372,938	152,938
Charges for services	95,000	95,000	70,946	(24,054)
Fines and forfeitures	-	-	-	-
Miscellaneous	15,000	15,000	236	(14,764)
Total resources	4,690,000	4,690,000	4,870,899	180,899
EXPENDITURES				
General government	2,015	2,015	2,315	(300)
Public safety	6,060,000	6,118,343	4,697,931	1,420,412
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,062,015	6,120,358	4,700,246	1,420,112
Excess resources over expenditures	(1,372,015)	(1,430,358)	170,653	1,601,011
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	400,000	400,000	-	(400,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	400,000	400,000	-	(400,000)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(972,015)	(1,030,358)	170,653	1,201,011
Other changes in fund balance	-	-	253,181	253,181
Prior period adjustment	-	-	-	-
Fund Balance - beginning	3,195,108	3,195,108	3,195,108	-
Fund Balance - ending	\$ 2,223,093	\$ 2,164,750	\$ 3,618,942	\$ 1,454,192

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Housing Stabilization Program Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	18,360	(18,360)
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	18,360	(18,360)
Excess resources over expenditures	-	-	(18,360)	(18,360)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(18,360)	(18,360)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	97,551	97,551	97,551	-
Fund Balance - ending	\$ 97,551	\$ 97,551	\$ 79,191	\$ (18,360)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Cable TV Equipment Reserve Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	264,000	264,000	227,389	(36,611)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	(2,697)	(2,697)
Total resources	264,000	264,000	224,692	(39,308)
EXPENDITURES				
General government	-	-	-	-
Public safety	184,800	423,170	330,357	92,813
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	79,200	319,247	-	319,247
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	264,000	742,417	330,357	412,060
Excess resources over expenditures	-	(478,417)	(105,665)	372,752
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(478,417)	(105,665)	372,752
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	687,263	687,263	687,263	-
Fund Balance - ending	\$ 687,263	\$ 208,846	\$ 581,598	\$ 372,752

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Emergency Medical Services Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 7,233,800	\$ 7,233,800	\$ 7,295,251	\$ 61,451
Licenses and permits	-	-	-	-
Intergovernmental	-	-	11,208	11,208
Charges for services	352,000	352,000	489,874	137,874
Fines and forfeitures	115,000	115,000	105,540	(9,460)
Miscellaneous	51,000	51,000	(19,298)	(70,298)
Total resources	7,751,800	7,751,800	7,882,575	130,775
EXPENDITURES				
General government	317,440	319,585	235,695	83,890
Public safety	7,598,270	7,680,474	7,922,779	(242,305)
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	226,517	311,104	185,445	125,659
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,142,227	8,311,163	8,343,919	(32,756)
Excess resources over expenditures	(390,427)	(559,363)	(461,344)	98,019
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(390,427)	(559,363)	(461,344)	98,019
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	3,203,617	3,203,617	3,203,617	-
Fund Balance - ending	\$ 2,813,190	\$ 2,644,254	\$ 2,742,273	\$ 98,019

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Defined Contribution Administration Fund
For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	102,700	102,700	70,000	(32,700)
Total resources	102,700	102,700	70,000	(32,700)
EXPENDITURES				
General government	102,700	112,700	68,744	43,956
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Interest	-	-	-	-
Total expenditures	102,700	112,700	68,744	43,956
Excess resources over expenditures	-	(10,000)	1,256	11,256
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Collection of revolving loans	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(10,000)	1,256	11,256
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	3,178	3,178	3,178	-
Fund Balance - ending	\$ 3,178	\$ (6,822)	\$ 4,434	\$ 11,256

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Non Major Special Revenue Funds
For the Fiscal Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 25,843,286	\$ 25,843,286	\$ 26,568,748	\$ 725,462
Licenses and permits	554,200	554,200	502,284	(51,916)
Intergovernmental	28,500,144	35,448,702	25,102,041	(10,346,661)
Charges for services	9,894,846	10,090,965	10,827,874	736,909
Fines and forfeitures	1,627,000	1,627,000	1,980,779	353,779
Miscellaneous	3,490,122	4,069,622	3,094,270	(975,352)
Total resources	69,909,598	77,633,775	68,075,996	(9,557,779)
EXPENDITURES				
General government	9,804,827	9,828,672	8,707,691	1,120,981
Public safety	23,022,435	24,171,214	21,545,633	2,625,581
Transportation	19,071,604	20,431,689	19,146,324	1,285,365
Economic environment	24,083,535	32,089,274	16,356,955	15,732,319
Mental and physical health	-	-	-	-
Culture and recreation	15,294,918	15,654,813	14,979,271	675,542
Capital outlay	6,347,038	10,397,537	6,075,051	4,322,486
Debt service:				
Interest	-	-	-	-
Total expenditures	97,624,357	112,573,199	86,810,925	25,762,274
Excess resources over expenditures	(27,714,759)	(34,939,424)	(18,734,929)	16,204,495
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	120,000	607,992	487,992
Collection of revolving loans	650,000	-	-	-
Transfers in	27,549,126	27,553,126	27,916,903	363,777
Transfers out	(8,507,173)	(8,640,273)	(5,567,472)	3,072,801
Total other financing sources (uses)	19,691,953	19,032,853	22,957,423	3,924,570
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(8,022,806)	(15,906,571)	4,222,494	20,129,065
Other changes in fund balance				
Prior period adjustment	-	-	577,095	577,095
Fund Balance - beginning	70,132,535	70,132,535	70,132,535	-
Fund Balance - ending	\$ 62,109,729	\$ 54,225,964	\$ 74,932,124	\$ 20,706,160

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Nonmajor Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the City's bonds issued in support of governmental activities. Debt Service Funds are described below.

GO Bond Redemption Fund

The GO Bond Redemption Fund accounts for principal and interest payments on the City's outstanding unlimited general obligation bonds. Also, some limited general obligation bond principal and interest are paid by this fund.

Special Assessment Debt Fund

The Special Assessment Debt Fund accounts for principal and interest payments on all local improvement district bonds after an improvement project is completed.

Special Assessment Guaranty Fund

The Special Assessment Guaranty Fund guarantees the payment of local improvement bonds and warrants issued to pay for local improvements made.

Iron Bridge TIF (Tax Increment Financing) Fund

The Iron Bridge TIF Fund accounts for deposited property taxes related to improved property contained in the Iron Bridge Tax Increment Financing District. The resources will be used pay general long-term debt principal and interest related to the district.

University District LRF (Local Revitalization Financing) Fund

The University District LRF Debt Service Fund accounts for sales taxes received as part of the interlocal agreement with the State of Washington for the University District revitalization area. These taxes are restricted for the purpose of debt service on related infrastructure in the revitalization area.

Combining Balance Sheet Non Major Debt Service Funds December 31, 2013

	GO Bond Redemption	Special Assessment Debt Service	Special Assessment Guaranty	Iron Bridge Tax Increment Financing	University Local Revitalization	Total
ASSETS						
Cash and cash equivalents	\$ 1,604,046	\$ 132,875	\$ 1,504	\$ 106,079	\$ 90,823	\$ 1,935,327
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	3,217,605	-	535,945	-	-	3,753,550
Taxes receivable	628,292	-	-	534	54,893	683,719
Special assessment receivable	-	3,059,371	-	-	-	3,059,371
Accounts receivable	-	-	-	-	-	-
Interest receivable	2,899	-	338	-	-	3,237
Due from other funds	-	-	-	-	-	-
Interfund loan receivable	37,350	-	6,191	-	-	43,541
Due from other governments	-	-	-	-	-	-
Advances to other funds	185,057	-	30,675	-	-	215,732
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	5,675,249	3,192,246	574,653	106,613	145,716	9,694,477
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Other current liabilities	-	633	-	-	-	633
Deferred inflow of resources	519,249	3,059,371	-	103	-	3,578,723
Total Liabilities	519,249	3,060,004	-	103	-	3,579,356
Fund Balance:						
Nonspendable	222,407	-	36,866	-	-	259,273
Restricted for:						
Debt Service	4,933,593	132,242	537,787	106,510	145,716	5,855,848
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balance	\$ 5,156,000	\$ 132,242	\$ 574,653	\$ 106,510	\$ 145,716	\$ 6,115,121

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Debt Service Funds
For the Fiscal Year Ended December 31, 2013

	GO Bond Redemption	Special Assessment Debt Service	Special Assessment Guaranty	Iron Bridge Tax Increment Financing	University Local Revitalization	Total
REVENUES						
Taxes	\$ 12,996,509	\$ -	\$ -	\$ 90,860	\$ 259,457	\$ 13,346,826
Licenses and permits	-	-	-	-	-	-
Intergovernmental	545,599	-	-	-	-	545,599
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	1,007,709	-	-	-	1,007,709
Interest income	30,941	-	6,149	-	-	37,090
Net increase (decrease) in fair value of investments	(30,375)	-	(5,105)	-	-	(35,480)
Total Revenues	13,542,674	1,007,709	1,044	90,860	259,457	14,901,744
EXPENDITURES						
Current:						
General government	-	-	5,087	-	-	5,087
Public safety	-	-	-	-	-	-
Utilities environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Debt service:						
Principal	10,600,000	325,000	-	-	-	10,925,000
Interest	7,707,742	47,647	-	-	-	7,755,389
Total Expenditures	18,307,742	372,647	5,087	-	-	18,685,476
Excess of Revenues Over (Under) Expenditures	(4,765,068)	635,062	(4,043)	90,860	259,457	(3,783,732)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Long term debt issued	-	-	-	-	-	-
Transfers in	5,194,990	16,356	-	-	-	5,211,346
Transfers out	-	(557,513)	(400,000)	(42,750)	(224,656)	(1,224,919)
Total Other Financing Sources (Uses)	5,194,990	(541,157)	(400,000)	(42,750)	(224,656)	3,986,427
Change in Fund Balance	429,922	93,905	(404,043)	48,110	34,801	202,695
Other Changes in Fund Balance						
Prior Period Adjustment	-	-	-	-	-	-
Fund Balance - beginning	4,726,078	38,337	978,696	58,400	110,915	5,912,426
Fund Balance - ending	\$ 5,156,000	\$ 132,242	\$ 574,653	\$ 106,510	\$ 145,716	\$ 6,115,121

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
GO Bond Redemption Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 13,087,104	\$ 13,087,104	\$ 12,996,509	\$ (90,595)
Licenses and permits	-	-	-	-
Intergovernmental	548,266	548,266	545,599	(2,667)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	566	566
Total resources	13,635,370	13,635,370	13,542,674	(92,696)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	10,625,024	10,625,024	10,600,000	25,024
Interest	10,625,024	10,625,024	7,707,742	2,917,282
Total expenditures	21,250,048	21,250,048	18,307,742	2,942,306
Excess resources over expenditures	(7,614,678)	(7,614,678)	(4,765,068)	2,849,610
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	5,129,547	5,129,547	5,194,990	65,443
Transfers out	-	-	-	-
Total other financing sources (uses)	5,129,547	5,129,547	5,194,990	65,443
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,485,131)	(2,485,131)	429,922	2,915,053
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	4,726,078	4,726,078	4,726,078	-
Fund Balance - ending	\$ 2,240,947	\$ 2,240,947	\$ 5,156,000	\$ 2,915,053

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Assessment Debt Service Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	980,000	980,000	1,007,709	27,709
Total resources	980,000	980,000	1,007,709	27,709
EXPENDITURES				
General government	500	500	-	500
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	700,000	700,000	325,000	375,000
Interest	700,000	700,000	47,647	652,353
Total expenditures	1,400,500	1,400,500	372,647	1,027,853
Excess resources over expenditures	(420,500)	(420,500)	635,062	1,055,542
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	18,600	2,147,600	16,354	(2,131,244)
Transfers out	-	(2,129,000)	(557,513)	1,571,487
Total other financing sources (uses)	18,600	18,600	(541,157)	(559,757)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(401,900)	(401,900)	93,905	495,805
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	38,337	38,337	38,337	-
Fund Balance - ending	\$ (363,563)	\$ (363,563)	\$ 132,242	\$ 495,805

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Assessment Guaranty Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	10,000	10,000	1,044	(8,956)
Total resources	10,000	10,000	1,044	(8,956)
EXPENDITURES				
General government	10,000	18,871	5,087	13,784
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	10,000	18,871	5,087	13,784
Excess resources over expenditures	-	(8,871)	(4,043)	4,828
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(400,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	(400,000)	(400,000)	(400,000)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(400,000)	(408,871)	(404,043)	4,828
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	978,696	978,696	978,696	-
Fund Balance - ending	\$ 578,696	\$ 569,825	\$ 574,653	\$ 4,828

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Iron Bridge Tax Increment Financing Debt Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 62,600	\$ 62,600	\$ 90,860	\$ 28,260
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	62,600	62,600	90,860	28,260
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	42,750	42,750	-	42,750
Total expenditures	42,750	42,750	-	42,750
Excess resources over expenditures	19,850	19,850	90,860	71,010
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(42,750)	(42,750)
Total other financing sources (uses)	-	-	(42,750)	(42,750)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	19,850	19,850	48,110	28,260
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	58,400	58,400	58,400	-
Fund Balance - ending	\$ 78,250	\$ 78,250	\$ 106,510	\$ 28,260

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
University District Local Revitalization Debt Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 250,000	\$ 250,000	\$ 259,457	\$ 9,457
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	250,000	250,000	259,457	9,457
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	250,000	250,000	259,457	9,457
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(224,656)	(224,656)	(224,656)	-
Total other financing sources (uses)	(224,656)	(224,656)	(224,656)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	25,344	25,344	34,801	9,457
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	110,915	110,915	110,915	-
Fund Balance - ending	\$ 136,259	\$ 136,259	\$ 145,716	\$ 9,457

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Non Major Debt Service Funds
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 13,399,704	\$ 13,399,704	\$ 13,346,826	\$ (52,878)
Licenses and permits	-	-	-	-
Intergovernmental	548,266	548,266	545,599	(2,667)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	990,000	990,000	1,009,319	19,319
Total resources	14,937,970	14,937,970	14,901,744	(36,226)
EXPENDITURES				
General government	10,500	19,371	5,087	14,284
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	11,325,024	11,325,024	10,925,000	400,024
Interest	11,367,774	11,367,774	7,755,389	3,612,385
Total expenditures	22,703,298	22,712,169	18,685,476	4,026,693
Excess resources over expenditures	(7,765,328)	(7,774,199)	(3,783,732)	3,990,467
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	5,148,147	7,277,147	5,211,346	(2,065,801)
Transfers out	(624,656)	(2,753,656)	(1,224,919)	1,528,737
Total other financing sources (uses)	4,523,491	4,523,491	3,986,427	(537,064)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(3,241,837)	(3,250,708)	202,695	3,453,403
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	5,912,426	5,912,426	5,912,426	-
Fund Balance - ending	\$ 2,670,589	\$ 2,661,718	\$ 6,115,121	\$ 3,453,403

City of Spokane

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Nonmajor Capital Project Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of City facilities and road infrastructure. Capital Projects Funds are described below.

Improvement Project Cost Fund 2001

Improvement Project Cost Fund – 2001 accounts for monies received from note proceeds to be used for various capital projects including the Combined Communication Center, City Hall improvements, and a telephone system.

Fire Improvement Fund

The Fire Improvement Fund accounts for capital improvements for fire protection purposes.

General Capital Improvement Fund

The General Capital Improvement Fund is used as a reserve for general government capital repairs and maintenance projects.

Arterial Street Fund

The Arterial Street Fund accounts for the development of the arterial street system within the City.

City Hall Acquisition and Improvement Fund

The City Hall Acquisition and Improvement Fund accounts for improvements to the City's municipal building.

Capital Projects Construction Fund

The Capital Projects Construction Fund accounts for monies received from proceeds of general obligation bonds and notes, state and federal grants, contributions and donations from private sources to be used for the payment for the cost of capital projects.

Capital Improvements 1999 Fire Fund

The Capital Improvements - 1999 Fire Fund accounts for monies received from bond proceeds to be used to acquire new engines and ladder trucks, purchase protective clothing and breathing apparatus, and relocate one station and continue work on a joint training and maintenance facility.

Capital Improvements 1999 Park Fund

The Capital Improvements – 1999 Park Fund accounts for monies received from bond proceeds to be used for the construction of two new neighborhood parks, one new community park, consolidation of citywide park maintenance shops and various repair and restoration projects.

Capital Improvements 2003 Streets Fund

The Capital Improvements – 2003 Streets Fund accounts for monies received from bond proceeds to be used for the maintenance and construction of various streets within the City.

Capital Improvements 2004 Streets Fund

The Capital Improvements – 2004 Streets Fund accounts for monies received from bond proceeds to be used for the maintenance and construction of various streets within the City.

Capital Improvements 2008 Parks Fund

The Capital Improvements – 2008 Parks Fund accounts for monies received from bond proceeds to be used for the development, construction, or improvement of City park and recreational facilities and related infrastructure.

Capital Improvement 1995 Fund

The Capital Improvements - 1995 Fund accounts for monies received from bond proceeds to be used for improvements to the City's Entertainment Facilities and for the construction and installation of a Geographic Information System.

Capital Improvements 1999 Fund

The Capital Improvements - 1999 Fund accounts for monies received from bond proceeds to be used to repay bond anticipation notes used for street improvements, design of the Operations Complex, improvements to Qualchan golf course, and the purchase of street maintenance equipment.

Kendall Yards TIF (Tax Increment Financing) Fund

The Kendall Yards TIF Fund accumulates property taxes related to improved property contained in the Kendall Yards Sub-Area of the West Quadrant Tax Increment Area. These funds will be accumulated to pay for public infrastructure improvements in the Sub-Area.

West Quadrant TIF (Tax Increment Financing) Fund

The West Quadrant TIF Fund accumulates property taxes related to improved property contained in the West Quadrant Tax Increment Area, other than property in the Kendall Yards Sub-Area. These funds will be accumulated to pay for public infrastructure improvements in the Area.

University District LRF (Local Revitalization Financing) Fund

The University District LRF Capital Projects Fund accounts for monies received from bond proceeds, as well as incremental sales and property taxes in the University District Local Revitalization Area. These funds are used to pay for public infrastructure improvements in the Area.

City of Spokane

Combining Balance Sheet
Non Major Capital Projects Funds
December 31, 2013

continued

	Improvement Project Cost 2001	Fire Improvement	General Capital Improvements	Arterial Street	City Hall Acquisition & Improvement	Capital Projects Construction
ASSETS						
Cash and cash equivalents	\$ 35,196	\$ 20,153	\$ 40,000	\$ 896,626	\$ -	\$ -
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	-	340,190	-	546,989	-	625
Taxes receivable	-	-	-	209,893	-	-
Accounts receivable	-	12,535	-	793,524	-	-
Interest receivable	-	207	-	434	-	-
Due from other funds	-	2,777	-	133,326	-	25
Interfund loan receivable	-	3,947	-	6,349	-	2
Due from other governments	-	-	-	1,813,985	-	-
Advances to other funds	-	19,555	-	31,457	-	10
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	35,196	399,364	40,000	4,432,583	-	662
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	-	1,276	-	1,218,057	-	3
Due to other funds	-	1,879	-	157,395	-	2
Due to other governments	-	-	-	(10)	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Other current liabilities	-	4,205	-	1,712,808	-	-
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	-	7,360	-	3,088,250	-	5
Fund Balance:						
Nonspendable	-	23,502	-	37,806	-	12
Restricted for:						
Inventories	-	-	-	-	-	-
Capital Projects	-	321,481	40,000	1,306,527	-	645
Committed	-	-	-	-	-	-
Assigned	35,196	47,021	-	-	-	-
Total Fund Balance	\$ 35,196	\$ 392,004	\$ 40,000	\$ 1,344,333	\$ -	\$ 657

City of Spokane

Combining Balance Sheet
Non Major Capital Projects Funds
December 31, 2013

	continued					
	Capital Improvements 1999 Fire	Capital Improvements 1999 Parks	Special Assessment Construction	Capital Improvements 2003 Streets	Capital Improvements 2004 Streets	Capital Improvements 2008 Parks
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	1,997	-	-	1,881,340	20,579,922	639,810
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	15	3,983	1,545
Interest receivable	-	-	-	1,492	14,394	458
Due from other funds	-	-	-	2	118,894	-
Interfund loan receivable	-	-	-	21,839	238,103	7,400
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	108,206	1,179,730	36,667
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	1,997	-	-	2,012,894	22,135,026	685,880
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	951	-	-	122	964,410	181
Due to other funds	-	-	-	-	98,141	-
Due to other governments	-	-	-	-	-	-
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	506
Deferred inflow of resources	-	-	-	-	-	-
Total Liabilities	951	-	-	122	1,062,551	687
Fund Balance:						
Nonspendable	-	-	-	130,045	1,417,833	44,067
Restricted for:						
Inventories	-	-	-	-	-	-
Capital Projects	1,046	-	-	1,882,727	15,839,179	545,459
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	3,815,463	95,667
Total Fund Balance	\$ 1,046	\$ -	\$ -	\$ 2,012,772	\$ 21,072,475	\$ 685,193

City of Spokane

Combining Balance Sheet
Non Major Capital Projects Funds
December 31, 2013

continued

	Capital Improvements 1995	Capital Improvements 1999	Kendall Yards Tax Increment Financing	West Quadrant Tax Increment Financing	University District Local Revitalization	Total
ASSETS						
Cash and cash equivalents	\$ 49,666	\$ -	\$ 51,942	\$ 218,208	\$ 29,826	\$ 1,341,617
Deposits with fiscal agents/trustees	-	-	-	-	-	-
Equity in pooled investments	-	184,809	-	-	-	24,175,682
Taxes receivable	-	-	66	6,113	1,179	217,251
Accounts receivable	-	114	-	-	-	811,716
Interest receivable	-	-	-	-	-	16,985
Due from other funds	-	-	-	1	-	255,025
Interfund loan receivable	-	2,137	-	-	-	279,777
Due from other governments	-	97,836	-	-	-	1,911,821
Advances to other funds	-	10,589	-	-	-	1,386,214
Inventories	-	-	-	-	-	-
Notes/contract receivable (non current)	-	-	-	-	-	-
Total Assets	49,666	295,485	52,008	224,322	31,005	30,396,088
LIABILITIES AND NET POSITION						
Liabilities:						
Accounts/vouchers payable	-	-	-	1,026	-	2,184,026
Due to other funds	-	-	-	-	-	257,417
Due to other governments	-	-	-	-	-	(10)
Revenues collected in advance	-	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	1,717,519
Deferred inflow of resources	-	-	67	5,168	879	6,114
Total Liabilities	-	-	67	6,194	879	4,167,066
Fund Balance:						
Nonspendable	-	12,726	-	-	-	1,665,991
Restricted for:						
Inventories	-	-	-	-	-	-
Capital Projects	-	85,727	51,941	192,389	30,126	20,297,247
Committed	-	-	-	-	-	-
Assigned	49,666	197,032	-	25,739	-	4,265,784
Total Fund Balance	\$ 49,666	\$ 295,485	\$ 51,941	\$ 218,128	\$ 30,126	\$ 26,229,022

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Capital Projects Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Improvement Project Cost 2001	Fire Improvement	General Capital Improvements	Arterial Street	City Hall Acquisition & Improvement	Capital Projects Construction
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	2,000	-	-
Intergovernmental	-	258,655	-	6,135,361	-	-
Charges for services	-	16,712	-	282,766	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	239,047	-	-
Interest income	-	3,109	-	5,244	-	(118)
Net increase (decrease) in fair value of investments	-	(3,318)	-	(5,105)	-	-
Total Revenues	-	275,158	-	6,659,313	-	(118)
EXPENDITURES						
Current:						
General government	-	-	-	-	687	-
Public safety	-	299,393	-	-	-	-
Utilities environment	-	-	-	-	-	-
Transportation	-	-	-	999,500	-	-
Economic environment	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	53,991	-	9,727,655	-	-
Debt service:						
Principal	-	-	-	209,771	-	-
Interest	-	-	-	4,932	-	-
Total Expenditures	-	353,384	-	10,943,858	687	-
Excess of Revenues Over (Under) Expenditures	-	(78,226)	-	(4,284,545)	(687)	(118)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	1,633,346	-	-
Long term debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,300,000)	-	-
Total Other Financing Sources (Uses)	-	-	-	333,346	-	-
Change in Fund Balance	-	(78,226)	-	(3,951,199)	(687)	(118)
Other Changes in Fund Balance						
Prior period adjustment	-	-	-	-	-	-
Fund Balance - beginning (restated)	35,196	470,230	40,000	5,295,532	687	775
Fund Balance - ending	\$ 35,196	\$ 392,004	\$ 40,000	\$ 1,344,333	\$ -	\$ 657

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Capital Projects Funds
For the Fiscal Year Ended December 31, 2013

Continued

	Capital Improvements 1999 Fire	Capital Improvements 1999 Parks	Special Assessment Construction	Capital Improvements 2003 Streets	Capital Improvements 2004 Streets	Capital Improvements 2008 Parks
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	1,545
Interest income	-	-	-	18,101	213,065	4,095
Net increase (decrease) in fair value of investments	-	-	-	(17,867)	(194,244)	(6,126)
Total Revenues	-	-	-	234	18,821	(486)
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Utilities environment	-	-	-	-	-	-
Transportation	-	-	-	626	306,962	-
Economic environment	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	-	-	-	-	8,697,927	317,838
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	-	-	-	626	9,004,889	317,838
Excess of Revenues Over (Under) Expenditures	-	-	-	(392)	(8,986,068)	(318,324)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Long term debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(111)	-	(1,586,763)	-
Total Other Financing Sources (Uses)	-	-	(111)	-	(1,586,763)	-
Change in Fund Balance	-	-	(111)	(392)	(10,572,831)	(318,324)
Other Changes in Fund Balance						
Prior period adjustment	-	-	-	-	-	-
Fund Balance - beginning (restated)	1,046	0	111	2,013,164	31,645,306	1,003,517
Fund Balance - ending	\$ 1,046	\$ -	\$ -	\$ 2,012,772	\$ 21,072,475	\$ 685,193

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non Major Capital Projects Funds
For the Fiscal Year Ended December 31, 2013

Concluded

	Capital Improvements 1995	Capital Improvements 1999	Kendall Yards Tax Increment Financing	West Quadrant Tax Increment Financing	University District Local Revitalization	Total
REVENUES						
Taxes	\$ -	\$ -	\$ 27,094	\$ 52,827	\$ 20,964	\$ 100,885
Licenses and permits	-	-	-	-	-	2,000
Intergovernmental	-	97,836	-	-	-	6,491,852
Charges for services	-	-	-	-	-	299,478
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	240,592
Interest income	-	2,215	-	-	-	245,711
Net increase (decrease) in fair value of investments	-	(1,787)	-	-	-	(228,447)
Total Revenues	-	98,264	27,094	52,827	20,964	7,152,071
EXPENDITURES						
Current:						
General government	-	-	-	-	-	687
Public safety	-	-	-	-	-	299,393
Utilities environment	-	-	-	-	-	-
Transportation	-	1	-	98	-	1,307,187
Economic environment	-	-	-	-	-	-
Mental and physical health	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlays	2,232	111,812	-	62,416	-	18,973,671
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	209,771
Interest	-	-	-	-	-	6,932
Total Expenditures	2,232	111,813	-	62,514	-	20,797,841
Excess of Revenues Over (Under) Expenditures	(2,232)	(13,549)	27,094	(9,687)	20,964	(13,645,770)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	1,633,346
Long term debt issued	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2,886,874)
Total Other Financing Sources (Uses)	-	-	-	-	-	(1,253,528)
Change in Fund Balance	(2,232)	(13,549)	27,094	(9,687)	20,964	(14,899,298)
Other Changes in Fund Balance						
Prior period adjustment	-	-	-	-	-	-
Fund Balance - beginning (restated)	51,898	309,034	24,847	227,815	9,162	41,128,320
Fund Balance - ending	\$ 49,666	\$ 295,485	\$ 51,941	\$ 218,128	\$ 30,126	\$ 26,229,022

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Improvement Project Cost 2001 Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	35,196	-	35,196
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	35,196	0	35,196
Excess resources over expenditures	-	(35,196)	0	35,196
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(35,196)	-	35,196
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	35,196	35,196	35,196	-
Fund Balance - ending	\$ 35,196	\$ -	\$ 35,196	\$ 35,196

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Fire Improvement Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	300,004	258,655	(41,349)
Charges for services	-	-	16,712	16,712
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	(209)	(209)
Total resources	-	300,004	275,158	(24,846)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	297,582	299,393	(1,811)
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	350,000	352,422	53,991	298,431
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	350,000	650,004	353,384	296,620
Excess resources over expenditures	(350,000)	(350,000)	(78,226)	271,774
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(350,000)	(350,000)	(78,226)	271,774
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	470,230	470,230	470,230	-
Fund Balance - ending	\$ 120,230	\$ 120,230	\$ 392,004	\$ 271,774

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	40,000	40,000	-	(40,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	40,000	40,000	-	(40,000)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	40,000	40,000	-	(40,000)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	40,000	40,000	40,000	-
Fund Balance - ending	\$ 80,000	\$ 80,000	\$ 40,000	\$ (40,000)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Arterial Street Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	2,000	2,000
Intergovernmental	18,585,495	23,277,560	6,135,361	(17,142,199)
Charges for services	-	-	282,766	282,766
Fines and forfeitures	-	-	-	-
Miscellaneous	833,148	833,148	239,186	(593,962)
Total resources	19,418,643	24,110,708	6,659,313	(17,451,395)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	50,000	50,000	-	50,000
Transportation	1,353,395	1,320,654	999,501	321,153
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	21,150,258	26,567,652	9,727,656	16,839,996
Debt service:				
Principal	294,444	294,444	209,771	84,673
Interest	17,076	17,076	6,932	10,144
Total expenditures	22,865,173	28,249,826	10,943,860	17,305,966
Excess resources over expenditures	(3,446,530)	(4,139,118)	(4,284,547)	(145,429)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,633,346	1,633,346
Long term debt issued	-	-	-	-
Transfers in	4,416,480	4,947,965	-	(4,947,965)
Transfers out	(1,300,000)	(1,300,000)	(1,300,000)	-
Total other financing sources (uses)	3,116,480	3,647,965	333,346	(3,314,619)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(330,050)	(491,153)	(3,951,201)	(3,460,048)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	5,295,532	5,295,532	5,295,532	-
Fund Balance - ending	\$ 4,965,482	\$ 4,804,379	\$ 1,344,331	\$ (3,460,048)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
City Hall Acquisition Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	7,800	7,800	687	7,113
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	7,800	7,800	687	7,113
Excess resources over expenditures	(7,800)	(7,800)	(687)	7,113
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(7,800)	(7,800)	(687)	7,113
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	687	687	687	-
Fund Balance - ending	\$ (7,113)	\$ (7,113)	\$ -	\$ 7,113

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Projects Construction Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	1,500	1,500	(118)	(1,618)
Total resources	1,500	1,500	(118)	(1,618)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	67,000	67,000	-	67,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	67,000	67,000	-	67,000
Excess resources over expenditures	(65,500)	(65,500)	(118)	65,382
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(65,500)	(65,500)	(118)	65,382
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	775	775	775	-
Fund Balance - ending	\$ (64,725)	\$ (64,725)	\$ 657	\$ 65,382

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 1999 Fire Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	1,050	1,050	-	1,050
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,050	1,050	-	1,050
Excess resources over expenditures	(1,050)	(1,050)	-	1,050
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,050)	(1,050)	-	1,050
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,046	1,046	1,046	-
Fund Balance - ending	\$ (4)	\$ (4)	\$ 1,046	\$ 1,050

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 1999 Parks Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess resources over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ -	\$ -	\$ -

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Assessment Construction Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,400,000	3,529,000	-	3,529,000
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest	30,000	30,000	-	30,000
Total expenditures	1,430,000	3,559,000	-	3,559,000
Excess resources over expenditures	(1,430,000)	(3,559,000)	-	3,559,000
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	1,430,000	1,430,000	-	(1,430,000)
Transfers in	-	2,129,000	-	(2,129,000)
Transfers out	-	-	(111)	(111)
Total other financing sources (uses)	1,430,000	3,559,000	(111)	(3,559,111)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(111)	(111)
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning (restated)	111	111	111	-
Fund Balance - ending	\$ 111	\$ 111	\$ -	\$ (111)

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 2003 Streets Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	50,000	50,000	234	(49,766)
Total resources	50,000	50,000	234	(49,766)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	626	(626)
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,500,000	1,500,000	-	1,500,000
Debt service:	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,500,000	1,500,000	626	1,499,374
Excess resources over expenditures	(1,450,000)	(1,450,000)	(392)	1,449,608
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(400,000)	(400,000)	-	400,000
Total other financing sources (uses)	(400,000)	(400,000)	-	400,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,850,000)	(1,850,000)	(392)	1,849,608
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	2,013,164	2,013,164	2,013,164	-
Fund Balance - ending	\$ 163,164	\$ 163,164	\$ 2,012,772	\$ 1,849,608

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 2004 Streets Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	300,000	300,000	18,821	(281,179)
Total resources	300,000	300,000	18,821	(281,179)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	17,500	306,960	(289,460)
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	34,186,911	34,169,411	8,697,927	25,471,484
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	34,186,911	34,186,911	9,004,887	25,182,024
Excess resources over expenditures	(33,886,911)	(33,886,911)	(8,986,066)	24,900,845
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(1,586,763)	(1,586,763)
Total other financing sources (uses)	-	-	(1,586,763)	(1,586,763)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(33,886,911)	(33,886,911)	(10,572,829)	23,314,082
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	31,645,306	31,645,306	31,645,306	-
Fund Balance - ending	\$ (2,241,605)	\$ (2,241,605)	\$ 21,072,477	\$ 23,314,082

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 2008 Parks Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	6,000	6,000	(486)	(6,486)
Total resources	6,000	6,000	(486)	(6,486)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	200,000	1,044,532	317,838	726,694
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	200,000	1,044,532	317,838	726,694
Excess resources over expenditures	(194,000)	(1,038,532)	(318,324)	720,208
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(194,000)	(1,038,532)	(318,324)	720,208
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	1,003,517	1,003,517	1,003,517	-
Fund Balance - ending	\$ 809,517	\$ (35,015)	\$ 685,193	\$ 720,208

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 1995 Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	-	-	-	-
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	51,898	2,232	49,666
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	51,898	2,232	49,666
Excess resources over expenditures	-	(51,898)	(2,232)	49,666
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(51,898)	(2,232)	49,666
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	51,898	51,898	51,898	-
Fund Balance - ending	\$ 51,898	\$ -	\$ 49,666	\$ 49,666

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Capital Improvements 1999 Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	97,836	97,836
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	428	428
Total resources	-	-	98,264	98,264
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	18,000	1	17,999
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	287,855	111,812	176,043
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	305,855	111,813	194,042
Excess resources over expenditures	-	(305,855)	(13,549)	292,306
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(305,855)	(13,549)	292,306
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	309,034	309,034	309,034	-
Fund Balance - ending	\$ 309,034	\$ 3,179	\$ 295,485	\$ 292,306

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Kendall Yards Tax Increment Financing Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 20,200	\$ 20,200	\$ 27,093	\$ 6,893
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	20,200	20,200	27,093	6,893
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	50,000	50,000	-	50,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	50,000	50,000	-	50,000
Excess resources over expenditures	(29,800)	(29,800)	27,093	56,893
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(29,800)	(29,800)	27,093	56,893
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	24,847	24,847	24,847	-
Fund Balance - ending	\$ (4,953)	\$ (4,953)	\$ 51,940	\$ 56,893

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
West Quadrant Tax Increment Financing Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 68,200	\$ 68,200	\$ 52,827	\$ (15,373)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	68,200	68,200	52,827	(15,373)
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	98	(98)
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	318,000	318,000	62,416	255,584
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	318,000	318,000	62,514	255,486
Excess resources over expenditures	(249,800)	(249,800)	(9,687)	240,113
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(249,800)	(249,800)	(9,687)	240,113
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	227,815	227,815	227,815	-
Fund Balance - ending	\$ (21,985)	\$ (21,985)	\$ 218,128	\$ 240,113

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
University District Local Revitalization Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 10,600	\$ 10,600	\$ 20,964	\$ 10,364
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total resources	10,600	10,600	20,964	10,364
EXPENDITURES				
General government	-	-	-	-
Public safety	-	-	-	-
Utilities environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	20,000	20,000	-	20,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	20,000	20,000	-	20,000
Excess resources over expenditures	(9,400)	(9,400)	20,964	30,364
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(9,400)	(9,400)	20,964	30,364
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	9,162	9,162	9,162	-
Fund Balance - ending	\$ (238)	\$ (238)	\$ 30,126	\$ 30,364

City of Spokane

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Non Major Capital Projects Funds
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
RESOURCES				
Taxes	\$ 99,000	\$ 99,000	\$ 100,884	\$ 1,884
Licenses and permits	-	-	2,000	2,000
Intergovernmental	18,585,495	23,577,564	6,491,852	(17,085,712)
Charges for services	-	-	299,478	299,478
Fines and forfeitures	-	-	-	-
Miscellaneous	1,190,648	1,190,648	257,856	(932,792)
Total resources	19,875,143	24,867,212	7,152,070	(17,715,142)
EXPENDITURES				
General government	7,800	7,800	687	7,113
Public safety	1,050	298,632	299,393	(761)
Utilities environment	50,000	50,000	-	50,000
Transportation	1,353,395	1,356,154	1,307,186	48,968
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	59,242,169	67,992,966	18,973,872	49,019,094
Debt service:				
Principal	294,444	294,444	209,771	84,673
Interest	47,076	47,076	6,932	40,144
Total expenditures	60,995,934	70,047,072	20,797,841	49,249,231
Excess resources over expenditures	(41,120,791)	(45,179,860)	(13,645,771)	31,534,089
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,633,346	1,633,346
Long term debt issued	1,430,000	1,430,000	-	(1,430,000)
Transfers in	4,456,480	7,116,965	-	(7,116,965)
Transfers out	(1,700,000)	(1,700,000)	(2,886,874)	(1,186,874)
Total other financing sources (uses)	4,186,480	6,846,965	(1,253,528)	(8,100,493)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(36,934,311)	(38,332,895)	(14,899,299)	23,433,596
Other changes in fund balance				
Prior period adjustment	-	-	-	-
Fund Balance - beginning	41,128,320	41,128,320	41,128,320	-
Fund Balance - ending	\$ 4,194,009	\$ 2,795,425	\$ 26,229,021	\$ 23,433,596

Nonmajor Enterprise Funds

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. If an activity's principal revenue source meets any one of the following criteria, it is required to be reported as an enterprise fund: (1) an activity financed with debt that is secured solely by pledge of the net revenues from fees and charges for the activity; (2) laws or regulations which require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or (3) pricing policies which establish fees and charges designed to recover the activity's costs, including capital costs.

The Nonmajor Enterprise Funds are described below:

Golf Fund

The Golf Fund accounts for revenues derived from fees, rentals, and other miscellaneous revenue. Expenditures are for the maintenance and operation of the four City-owned golf courses.

Building Services Fund

The Building Services Fund is responsible for ensuring compliance and enforcement of building codes within the City of Spokane.

Combining Statement of Net Position Nonmajor Enterprise Funds December 31, 2013

	Golf	Building Services	Total
ASSETS			
Current Assets:			
Cash and equivalents	\$ 111,482	\$ 1,235,529	\$ 1,347,011
Deposits with fiscal agents	-	-	-
Equity in pooled investments	499,798	1,054,867	1,554,665
Accounts receivable	68,211	210,919	279,130
Interest receivable	329	369	698
Due from other funds	326	160,646	160,972
Interfund loan receivable	5,781	12,298	18,079
Due from other governments	-	-	-
Inventories	48,176	-	48,176
Total current assets	734,103	2,674,628	3,408,731
Restricted Assets:			
Revenue bond reserves:			
Equity in pooled investments	-	-	-
Interest receivable	-	-	-
Total restricted assets	-	-	-
Noncurrent assets:			
Capital assets:			
Land	1,289,224	-	1,289,224
Infrastructure	-	27,518	27,518
Property, plant, and equipment	12,339,214	3,246,651	15,585,865
Less accumulated depreciation	(7,005,168)	(1,931,283)	(8,936,451)
Total capital assets	6,623,270	1,342,886	7,966,156
Other noncurrent assets:			
Advances to other funds	28,645	60,933	89,578
Total noncurrent assets	6,651,915	1,403,819	8,055,734
Total assets	7,386,018	4,078,447	11,464,465
LIABILITIES			
Current Liabilities:			
Accounts payable	42,652	52,107	94,759
Claims and judgments payable	-	-	-
Compensated absences	4,156	34,316	38,472
Due to other funds	4,683	112,326	117,009
Interfund loan payable	-	-	-
Other accrued liabilities	25,670	107,977	133,647
Other current liabilities	58,194	76,506	134,700
Revenue collected in advance	29,987	-	29,987
Total current liabilities	165,342	383,232	548,574
Noncurrent Liabilities:			
General obligation bonds payable	453,712	-	453,712
Compensated absences	102,126	408,467	510,593
Total noncurrent liabilities	555,838	408,467	964,305
Total liabilities	721,180	791,699	1,512,879
NET POSITION			
Invested in capital assets, net of related debt	6,169,558	1,342,886	7,512,444
Restricted for debt service	-	-	-
Unrestricted	495,280	1,943,862	2,439,142
Total Net Position	\$ 6,664,838	\$ 3,286,748	\$ 9,951,586

City of Spokane

Combining Statement of Revenues, Expenses, and Changes in Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended December 31, 2013

	Golf	Building Services	Total
OPERATING REVENUES			
Charges for goods and services	\$ 3,002,817	\$ 6,111,023	\$ 9,113,840
Miscellaneous revenue	34,469	-	34,469
Other operating revenue	-	13,780	13,780
Total operating revenues	3,037,286	6,124,803	9,162,089
OPERATING EXPENSES			
Operations	1,067,338	3,856,907	4,924,245
Maintenance	1,160,372	-	1,160,372
Administration	323,093	1,198,189	1,521,282
Taxes	19,469	-	19,469
Depreciation	389,370	540,947	930,317
Total operating expenses	2,959,642	5,596,043	8,555,685
Operating Income (Loss)	77,644	528,760	606,404
NONOPERATING REVENUES (EXPENSES)			
Interest income	8,458	3,561	12,019
Net increase (decrease) in fair value of investments	(4,850)	(9,955)	(14,805)
Gain (loss) on disposition of fixed assets	-	-	-
Interest expense	(28,174)	-	(28,174)
Other nonoperating revenue	6,870	2,650	9,520
Other nonoperating expense	-	(22,119)	(22,119)
Total nonoperating revenues (expenses)	(17,696)	(25,863)	(43,559)
Income (loss) before contributions and transfers	59,948	502,897	562,845
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	(22,690)	(2,520)	(25,210)
Change in Net Position	37,258	500,377	537,635
Prior period adjustment	-	-	-
Net Position - beginning	6,627,580	2,786,371	9,413,951
Net Position - ending	\$ 6,664,838	\$ 3,286,748	\$ 9,951,586

City of Spokane

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended December 31, 2013

	Golf	Building Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,987,849	\$ 5,621,044	\$ 8,608,893
Receipts from interfund services provided	62,594	264,168	326,762
Payments to suppliers for services	(914,856)	(113,482)	(1,028,338)
Payments to employees	(1,317,352)	(3,656,058)	(4,973,410)
Payment for taxes - city and state	(19,469)	-	(19,469)
Payments for interfund services received	(365,531)	(855,374)	(1,220,905)
Other receipts (payments)	-	-	-
Net cash provided (used) by operating activities	433,235	1,260,298	1,693,533
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from disposal of capital assets	-	-	-
Proceeds from loans, notes, and lease purchase payable	-	-	-
Capital grants and contributions received	-	-	-
Acquisition and construction of capital assets	(75,313)	(45,001)	(120,314)
Principal paid on revenue bonds	(514,967)	-	(514,967)
Principal paid on general obligation bonds	-	-	-
Interest paid on revenue bonds	(32,341)	-	(32,341)
Interest paid on general obligation bonds	-	-	-
Transfers in (out)	(22,690)	(2,520)	(25,210)
Net cash provided (used) by capital and related financing activities	(645,306)	(47,521)	(692,827)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(901,024)	(700,000)	(1,601,024)
Proceeds from sales and maturities of investments	1,178,697	-	1,178,697
Interest received	4,191	-	4,191
Net cash provided (used) by investing activities	281,864	(700,000)	(418,136)
Net increase (decrease) in cash and cash equivalents	69,793	512,777	582,570
Cash and cash equivalents - January 1	41,689	722,752	764,441
Cash and cash equivalents - December 31	\$ 111,482	\$ 1,235,529	\$ 1,347,011
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 77,644	\$ 528,760	\$ 606,404
Adjustments to Reconcile Operating Income			
Depreciation	389,370	540,947	930,317
Prior period adjustment	-	-	-
Other revenues	6,870	(19,469)	(12,599)
Change in Assets: Decrease (Increase)			
Receivables, net of allowance	6,375	(220,122)	(213,747)
Deposits with fiscal agents	-	-	-
Inventories	-	-	-
Prepayments	-	-	-
Change in Liabilities: Increase (Decrease)			
Payables	(47,024)	430,182	383,158
Net Cash provided (used) by operating activities	\$ 433,235	\$ 1,260,298	\$ 1,693,533

Internal Service Funds

Internal Service Funds account for City activities that provide goods and services to other City departments on a cost-reimbursement basis. Internal Service Funds are described below:

Fleet Services Fund

The Fleet Services Fund has the responsibility for the maintenance and repair of all City owned vehicles and equipment, except Fire department vehicles, and the procurement and disposal of said vehicles and equipment.

Public Works and Utility Fund

The Public Works and Utility Fund has the responsibility of accounting for the billing of the water, sewer, and refuse charges of its customers.

Information Technology Fund

The Information Technology Fund provides data processing services, telephone services, and centralized mailing for all departments of the City.

Accounting Services Fund

The Accounting Services Fund provides financial consulting, accounting, payroll, and purchasing services for all departments of the City.

Risk Management

The Risk Management Fund accounts for the payment of claims, insurance premiums and risk management administration.

Workers' Compensation Fund

The Workers' Compensation Fund accounts for funds received from other City departments for the payment of benefits provided by State law, insurance, safety programs for the City and administrative expenses of the fund.

Unemployment Insurance Fund

The Unemployment Compensation Fund accounts for the payment of unemployment insurance benefits and for the administrative expenses of the fund.

Employee Benefits Fund

The Employee Benefits Fund provides and administers all benefits for the employees of all departments of the City.

Property Acquisition Fund

The Property Acquisition Fund obtains financing, procures property, and services debt related to property for other City departments.

Combining Statement of Net Position Internal Service Funds December 31, 2013

continued

	Fleet Services	Public Works and Utility	Information Technology	Accounting Services	Risk Management
ASSETS					
Current Assets:					
Cash and equivalents	\$ 2,775,701	\$ 11,910	\$ 3,590,538	\$ 167,130	\$ 418,761
Deposits with fiscal agents	-	-	-	-	-
Equity in pooled investments	3,827,135	-	3,843,781	46,718	6,545,872
Accounts receivable	25,031	513,158	3,506	0	-
Interest receivable	1,337	-	1,336	16	2,277
Due from other funds	1,137,083	1,574,198	118,448	19,111	170
Interfund loan receivable	44,619	-	44,587	547	76,000
Due from other governments	1,802	-	-	92	-
Inventories	1,530,419	-	26,710	-	-
Prepayments	-	-	26,003	-	-
Total current assets	9,343,127	2,099,266	7,654,909	233,614	7,043,080
Noncurrent assets:					
Capital assets:					
Land	-	-	-	-	-
Property, plant, and equipment	30,985,889	2,407,909	13,149,572	5,496	-
Infrastructure	-	-	2,611,218	-	-
Capitalized software	-	-	6,609,005	-	-
Construction in progress	-	-	-	-	-
Less accumulated depreciation	(20,144,349)	(2,361,116)	(12,133,234)	(5,496)	-
Total capital assets	10,841,520	46,793	10,236,561	-	-
Other noncurrent assets:					
Advances to other funds	221,073	-	220,913	2,709	376,557
Total noncurrent assets	11,062,593	46,793	10,457,474	2,709	376,557
Total assets	20,405,720	2,146,059	18,112,383	236,323	7,419,637
LIABILITIES					
Current Liabilities:					
Accounts payable	1,425,045	119,165	201,315	2,453	19,353
Claims and judgments payable	-	-	-	-	6,811,000
Compensated absences	9,536	18,986	34,020	50,873	3,898
Due to other funds	33,414	1,243,643	529,848	2,306	61,305
Interfund loan payable	-	-	-	-	-
Due to other governments	-	-	-	-	-
Other accrued liabilities	76,104	44,987	108,214	109,085	1,232
Other current liabilities	29,248	288	51,656	58	131
Unearned revenue	-	-	-	-	-
Total current liabilities	1,573,347	1,427,069	925,053	164,775	6,896,919
Noncurrent Liabilities:					
Compensated absences	362,697	231,482	550,886	532,733	6,230
Total liabilities	1,936,044	1,658,551	1,475,939	697,508	6,903,149
NET POSITION					
Invested in capital assets, net of related debt	10,841,520	46,793	10,236,561	-	-
Unrestricted	7,628,156	440,715	6,399,883	(461,185)	516,488
Total Net Position	\$ 18,469,676	\$ 487,508	\$ 16,636,444	\$ (461,185)	\$ 516,488

City of Spokane

Combining Statement of Net Position
Internal Service Funds
December 31, 2013

	Workers' Compensation	Unemployment Insurance	Employee Benefits	Property Acquisition	Total
ASSETS					
Current Assets:					
Cash and equivalents	\$ 451,322	\$ 55,756	\$ 2,241,869	\$ 944,559	\$ 10,457,546
Deposits with fiscal agents	1,006,687	-	848,505	3,192	1,858,384
Equity in pooled investments	8,804,919	897,268	11,098,357	3,127,591	38,191,641
Accounts receivable	-	-	2,117,716	36	2,459,447
Interest receivable	3,216	312	3,856	1,087	13,437
Due from other funds	9,251	13	169	67,800	2,926,243
Interfund loan receivable	102,161	10,407	128,719	36,298	443,338
Due from other governments	-	-	-	-	1,874
Inventories	-	-	-	-	1,557,129
Prepayments	-	-	-	-	26,003
Total current assets	10,377,556	963,756	16,439,191	4,180,563	58,335,062
Noncurrent assets:					
Capital assets:					
Land	-	-	-	6,281,199	6,281,199
Property, plant, and equipment	6,535	-	-	6,456,925	63,212,324
Infrastructure	-	-	-	3,650,423	6,481,641
Capitalized software	-	-	-	-	4,609,005
Construction in progress	-	-	-	2,289,464	2,289,464
Less accumulated depreciation	(6,535)	-	-	(698,904)	(35,349,654)
Total capital assets	-	-	-	18,179,109	39,303,983
Other noncurrent assets:					
Advances to other funds	506,178	51,561	637,763	179,846	2,196,600
Total noncurrent assets	506,178	51,561	637,763	18,358,955	41,500,583
Total assets	10,883,734	1,015,317	17,076,954	22,539,518	99,835,645
LIABILITIES					
Current Liabilities:					
Accounts payable	292,683	109,386	1,103,093	206,289	3,478,782
Claims and judgments payable	8,561,000	-	1,980,724	-	17,352,724
Compensated absences	-	-	-	4,979	122,292
Due to other funds	21,846	-	495	136,097	2,028,954
Interfund loan payable	-	-	-	14,903,225	14,903,225
Due to other governments	-	-	-	107,028	107,028
Other accrued liabilities	11,272	253	7,374	40,572	399,093
Other current liabilities	-	-	8,229	-	89,610
Unearned revenue	-	-	-	-	-
Total current liabilities	8,886,801	109,639	3,099,915	15,398,190	38,481,708
Noncurrent Liabilities:					
Compensated absences	70,449	1,729	24,535	158,634	1,939,375
Total Liabilities	8,957,250	111,368	3,124,450	15,556,824	40,421,083
NET POSITION					
Invested in capital assets, net of related debt	-	-	-	3,168,856	24,293,730
Unrestricted	1,926,484	903,949	13,952,504	3,813,838	35,120,832
Total Net Position	\$ 1,926,484	\$ 903,949	\$ 13,952,504	\$ 6,982,694	\$ 59,414,562

City of Spokane

Combining Statement of Net Position
Internal Service Funds
For the Fiscal Year Ended December 31, 2013

	Fleet Services	Public Works and Utility	Information Technology	Accounting Services	Risk Management
OPERATING REVENUES					
Charges for goods and services	\$ 14,754,720	\$ 4,966,315	\$ 10,129,337	\$ 4,743,019	\$ -
Miscellaneous revenue	-	-	496,198	-	4,375,380
Other operating revenue	-	2,525	-	-	-
Total operating revenues	14,754,720	4,968,840	10,625,535	4,743,019	4,375,380
OPERATING EXPENSES					
Operations	9,520,266	1,610,028	8,391,794	4,785,642	-
Administration	2,691,868	3,317,519	373,641	-	385,697
Depreciation	2,095,656	38,016	1,894,898	-	-
Risk transfer payments	-	-	-	-	1,020,652
Claims processing	-	-	-	-	270,077
Payments to claimants and beneficiaries	-	-	-	-	2,849,732
Total operating expenses	14,307,790	4,965,563	10,660,333	4,785,642	4,546,158
Operating Income (Loss)	446,930	3,277	(34,798)	(42,623)	(170,778)
NONOPERATING REVENUES (EXPENSES)					
Interest income	14,672	281	7,778	223	13,623
Net increase (decrease) in fair value of investments	(36,500)	-	(36,501)	(510)	(62,025)
Gain (loss) on disposition of fixed assets	84,704	-	(65,037)	-	-
Interest expense	-	-	-	-	-
Other nonoperating revenue	134,460	-	-	23,138	-
Other nonoperating expense	-	-	-	-	-
Total nonoperating revenues (expenses)	197,336	281	(93,760)	22,851	(48,402)
Income (loss) before contributions and transfers	644,266	3,558	(128,558)	(19,772)	(219,180)
Capital contributions	946,102	-	47,883	-	-
Transfers in	-	-	40,459	-	-
Transfers out	(7,545)	(3,558)	(201,078)	(2,604)	(177)
Change in Net Position	1,582,823	-	(241,294)	(22,376)	(219,352)
Prior period adjustment	-	-	(50,282)	-	-
Net Position - beginning (restated)	16,886,853	487,508	16,928,020	(438,809)	735,840
Net Position - ending	\$ 18,469,676	\$ 487,508	\$ 16,636,444	\$ (461,185)	\$ 516,488

City of Spokane

Combining Statement of Net Position Internal Service Funds For the Fiscal Year Ended December 31, 2013

	concluded				
	Workers' Compensation	Unemployment Insurance	Employee Benefits	Property Acquisition	Total
OPERATING REVENUES					
Charges for goods and services	\$ 5,235,375	\$ 549,946	\$ 561,682	\$ 820,895	\$ 41,761,289
Miscellaneous revenue	-	-	32,008,182	-	36,879,760
Other operating revenue	-	-	-	870,227	872,752
Total operating revenues	5,235,375	549,946	32,569,864	1,691,122	79,513,801
OPERATING EXPENSES					
Operations	-	-	-	2,262,732	26,570,462
Administration	642,736	18,425	742,497	454,966	8,627,349
Depreciation	-	-	-	194,642	4,223,212
Risk transfer payments	169,007	-	12,137,574	-	13,327,233
Claims processing	589,480	6,375	969,819	-	1,835,751
Payments to claimants and beneficiaries	3,528,753	660,342	18,393,139	-	25,451,966
Total operating expenses	4,929,976	685,142	32,243,029	2,912,340	80,035,973
Operating Income (Loss)	305,399	(135,196)	326,835	(1,221,218)	(522,172)
NONOPERATING REVENUES (EXPENSES)					
Interest income	18,475	1,609	61,668	6,198	124,527
Net increase (decrease) in fair value of investments	(83,466)	(8,423)	(105,163)	(29,609)	(362,197)
Gain (loss) on disposition of fixed assets	-	-	-	265,039	284,706
Interest expense	-	-	-	(328,649)	(328,649)
Other nonoperating revenue	-	-	-	-	157,598
Other nonoperating expense	-	-	-	-	-
Total nonoperating revenues (expenses)	(64,991)	(6,814)	(43,495)	(87,021)	(124,015)
Income (loss) before contributions and transfers	240,408	(142,010)	283,340	(1,308,239)	(646,187)
Capital contributions	-	-	-	250,628	1,244,613
Transfers in	-	-	-	4,164,892	4,205,351
Transfers out	-	-	-	(7,705)	(222,662)
Change in Net Position	240,408	(142,010)	283,340	3,099,576	4,581,115
Prior period adjustment	-	-	1,809,256	-	1,758,974
Net Position - beginning (restated)	1,686,076	1,045,959	11,859,908	3,883,118	53,074,473
Net Position - ending	\$ 1,926,484	\$ 903,949	\$ 13,952,504	\$ 6,982,694	\$ 59,414,562

City of Spokane

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended December 31, 2013

	continued				
	Fleet Services	Public Works and Utility	Information Technology	Accounting Services	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 239,382	\$ 708,417	\$ 97,564	\$ -	\$ -
Receipts from interfund services provided	14,816,982	3,105,889	10,535,223	4,766,634	4,388,486
Payments to suppliers for services	(7,108,806)	(945,457)	(3,093,144)	(945,115)	(4,129,817)
Payments to employees	(3,278,815)	(1,862,867)	(4,815,402)	(4,446,628)	(52,638)
Payment for taxes - city and state	-	(144,156)	-	-	-
Payments for interfund services received	(1,409,567)	(953,829)	(343,985)	(243,741)	(280,279)
Other receipts (payments)	-	-	-	-	-
Net cash provided (used) by operating activities	3,239,176	(112,003)	2,380,256	29,150	(74,448)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in (out)	-	-	-	-	(172)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(172)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from disposal of capital assets	128,612	-	-	-	-
Acquisition and construction of capital assets	(3,053,337)	-	(2,464,803)	-	-
Interest paid on interfund loans	-	-	-	-	-
Transfers in (out)	938,557	(3,558)	(112,736)	(2,604)	-
Net cash provided (used) by capital and related financing activities	(1,986,168)	(3,558)	(2,577,539)	(2,604)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(2,477,505)	-	-	(100,106)	(2,476,654)
Proceeds from sales and maturities of investments	-	-	427,178	50,000	2,200,000
Interest received	(22,497)	281	(26,924)	106	26,654
Net cash provided (used) by investing activities	(2,500,002)	281	400,254	(50,000)	(250,000)
Net increase (decrease) in cash and cash equivalents	(1,226,994)	(115,280)	202,971	(23,454)	(324,620)
Cash and cash equivalents - January 1	4,002,695	127,190	3,387,567	190,584	743,381
Cash and cash equivalents - December 31	\$ 2,775,701	\$ 11,910	\$ 3,590,538	\$ 167,130	\$ 418,761
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	446,930	3,277	(34,798)	(40,623)	(170,778)
Adjustments to Reconcile Operating Income					
Depreciation	2,095,656	38,016	1,894,898	-	-
Prior period adjustment	-	-	(50,282)	-	-
Other revenues	134,460	-	-	23,138	-
Change in Assets: Decrease (Increase)					
Receivables, net of allowance	167,184	(1,154,534)	7,251	352,927	13,106
Deposits with fiscal agents	-	-	-	-	-
Inventories	(239,844)	-	19,375	-	-
Prepayments	-	-	8,486	-	-
Change in Liabilities: Increase (Decrease)					
Payables	654,792	1,001,238	535,326	(304,292)	83,224
Net Cash provided (used) by operating activities	\$ 3,239,176	\$ (112,003)	\$ 2,380,256	\$ 29,150	\$ (74,448)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2013

	concluded				
	Workers' Compensation	Unemployment Insurance	Employee Benefits	Property Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 866,999	\$ 1,912,362
Receipts from interfund services provided	4,498,143	549,933	32,261,360	1,531,981	74,454,431
Payments to suppliers for services	(4,626,591)	(686,997)	(32,423,591)	910,070	(52,149,448)
Payments to employees	(447,858)	(10,456)	(304,894)	(1,520,985)	(14,740,743)
Payment for taxes - city and state	-	-	-	-	(144,154)
Payments for interfund services received	(119,494)	(6,605)	(302,459)	(125,438)	(3,787,377)
Other receipts (payments)	-	-	-	-	-
Net cash provided (used) by operating activities	(695,800)	(154,125)	(749,584)	1,662,627	5,525,249
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in (out)	-	-	-	-	(172)
Net cash provided (used) by noncapital financing activities	-	-	-	-	(172)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from disposal of capital assets	-	-	-	265,039	393,651
Acquisition and construction of capital assets	-	-	-	(6,929,960)	(12,448,100)
Interest paid on interfund loans	-	-	-	(328,649)	(328,649)
Transfers in (out)	-	-	-	4,407,815	5,227,474
Net cash provided (used) by capital and related financing activities	-	-	-	(2,585,755)	(7,155,624)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(2,489,544)	(3,961)	(266,565)	-	(7,814,335)
Proceeds from sales and maturities of investments	3,020,000	100,000	1,400,000	1,890,756	9,087,934
Interest received	39,544	3,961	91,228	(23,049)	89,284
Net cash provided (used) by investing activities	570,000	100,000	1,224,663	1,867,687	1,342,883
Net increase (decrease) in cash and cash equivalents	(125,800)	(54,125)	455,079	944,559	(267,644)
Cash and cash equivalents - January 1	577,122	109,881	1,786,790	-	10,925,210
Cash and cash equivalents - December 31	\$ 451,322	\$ 55,756	\$ 2,241,869	\$ 944,559	\$ 10,657,566
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	305,399	(135,196)	326,835	(1,221,218)	(522,172)
Adjustments to Reconcile Operating Income					
Depreciation	-	-	-	194,642	4,223,212
Prior period adjustment	-	-	1,809,256	-	1,758,974
Other revenues	-	-	-	-	157,598
Change in Assets: Decrease (Increase)					
Receivables, net of allowance	(756)	(13)	(2,117,760)	711,050	(2,021,545)
Deposits with fiscal agents	(736,476)	-	-	(3,192)	(739,668)
Inventories	-	-	-	-	(220,471)
Prepayments	-	-	-	-	8,486
Change in Liabilities: Increase (Decrease)					
Payables	(263,967)	(18,916)	(787,915)	1,981,345	2,880,835
Net Cash provided (used) by operating activities	\$ (695,800)	\$ (154,125)	\$ (749,584)	\$ 1,662,627	\$ 5,525,249
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -

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Fiduciary Funds

Fiduciary Funds account for assets held in a trustee or agent capacity for outside parties, including individuals, private organizations, and other governments.

Pension Trust Funds are used to report resources that are required to be held in trust by the City for the members and beneficiaries of defined benefit and defined contribution pension plans, including other employee benefit plans. The Pension Trust Funds are described below:

Employees' Retirement Fund

The Employees' Retirement Fund provides pension benefits for most non-uniformed employees. Major sources of revenues are from investment interest and employer and employee contributions.

Firefighters' Pension Fund

The Firefighters' Pension Fund provides benefits for all firefighters who retired prior to March 1, 1970, and limited benefits to firefighters who were hired between March 1, 1970 and October 1, 1977. Firefighters hired after October 1, 1977 are covered by the LEOFF system and are not covered by this fund.

Police Pension Fund

The Police Pension Fund provides benefits for all uniformed police who retired prior to March 1, 1970, and limited benefits to uniformed police who were hired between March 1, 1970 and October 1, 1977. Police officers hired after October 1, 1977 are covered by the LEOFF system and are not covered by this fund.

Agency Funds account for resources held by the City in a custodial capacity for other governments, private organizations, or individuals. The Agency Funds are described below:

Parking and Business Improvement District Fund

The Parking and Business Improvement District Fund accounts for monies received from the Downtown Spokane and Business Improvement Area special assessment levy and expenditures for improvements made in the downtown core area.

Spokane Regional Transportation Council Fund

The Spokane Regional Transportation Council Fund accounts for all monies received from the City, Spokane County, the State of Washington, and the Federal government for this purpose. Expenditures are made for approved planning and transportation projects.

EMS Program Director Fund

The EMS Program Director Fund provides a cost sharing mechanism for funding the office of emergency medical services program director.

Transportation Benefit District Fund

The Transportation Benefit District Fund is used to account for funds from vehicle fees collected by the State Department of Licensing pursuant to RCW 82.80.140, RCW 36.73.060 and Resolution 2011-0001 adopted by the City of Spokane Transportation Benefit District Governing Board. The fund will be used to pay for transportation improvements authorized pursuant to Chapter 36.73 RCW, [Chapter 8.16 SMC](#) and Resolution 2011-0001.

Salary Clearing Fund

The Salary Clearing Fund accounts for outstanding checks due to City employees

Claims Clearing Fund

The Claims Clearing Fund accounts for all outstanding checks of the City, other than checks due to City employees.

Fiscal Agency Fund

The Fiscal Agency Fund accounts for those monies budgeted and appropriated for the payment of bonds and coupons payable at either of the fiscal agencies of the State of Washington in Seattle, Washington or New York, New York. All payments of such bonds and coupons shall be charged against this fund.

City of Spokane

Combining Statement of Plan Net Position
Pension Funds
December 31, 2013

	Employees' Retirement	Firefighters' Pension	Police Pension	Total
ASSETS				
Cash	\$ 192,910	\$ 192,421	\$ 448,548	\$ 833,879
Short-term investments	1,523,566	2,831,410	-	4,354,976
Receivables:				
Employer accounts receivable	-	-	-	-
Interest and dividends	58,483	164,910	-	223,393
Taxes receivable	-	-	450,000	450,000
Other receivables	349	26,645	63	27,057
Total Receivables	58,832	191,555	450,063	700,450
Investments, noncurrent, at fair value:				
U.S. fixed income	32,188,216	21,749,175	-	53,937,391
International/global fixed income	13,242,228	1,587,056	-	14,829,284
U.S. equities	97,909,114	-	-	97,909,114
Real estate	14,223,774	-	-	14,223,774
International equities	53,140,765	-	-	53,140,765
Alternatives	68,191,034	-	-	68,191,034
Total investments, noncurrent	278,895,131	23,336,231	-	302,231,362
Capital assets:				
Software	352,980	71,550	52,470	477,000
Other improvements	17,539	-	-	17,539
Less accumulated depreciation/amortization	(51,960)	(7,155)	(5,247)	(64,362)
Total capital assets	318,559	64,395	47,223	430,177
Total Assets	280,988,998	26,616,012	945,834	308,550,844
LIABILITIES				
Accounts payable	52,930	71,403	54,000	178,333
Due to other funds	-	-	-	-
Compensated absences	18,419	-	-	18,419
Accrued liabilities	4,070	-	-	4,070
Other current liabilities	12,478	2,841	16,559	31,878
Total Liabilities	87,897	74,244	70,559	232,700
NET POSITION				
Net assets held in trust for:				
Pension benefits	280,901,101	13,449,552	875,275	295,225,928
Postemployment benefits	-	13,092,216	-	13,092,216
Total Net Position	\$ 280,901,101	\$ 26,541,768	\$ 875,275	\$ 308,318,144

City of Spokane

Combining Statement of Changes in Plan Net Position
Pension Funds
For the Fiscal Year Ended December 31, 2013

	Employees' Retirement	Firefighter's Pension	Police Pension	Total
ADDITIONS				
Contributions:				
Employers	\$ 6,715,376	\$ 5,192,961	\$ 3,275,000	\$ 15,183,337
Plan Members	6,715,376	-	-	6,715,376
Intergovernmental revenue	-	263,334	-	263,334
Medicare retiree drug subsidy	-	128,722	89,792	218,514
Miscellaneous revenue	-	290	-	290
Total Contributions	13,430,752	5,585,307	3,364,792	22,380,851
Investment income:				
Net increase in fair value of investments	40,854,987	(502,785)	-	40,352,202
Interest and dividends	4,807,707	623,699	-	5,431,406
Less: investment expenses	(339,161)	(71,441)	-	(410,602)
Net investment income (loss)	45,323,533	49,473	-	45,373,006
Total Additions	58,754,285	5,634,780	3,364,792	67,753,857
DEDUCTIONS				
Pension benefits	20,346,281	1,329,620	633,869	22,309,770
Medical and dental benefits	-	2,602,034	2,260,869	4,862,903
Pension refunds	393,954	-	-	393,954
Medical and dental administration	-	239,786	193,489	433,275
Administrative expenses	385,675	67,779	65,355	518,809
Distributions to participants	-	-	-	-
Total Deductions	21,125,910	4,239,219	3,153,582	28,518,711
Net Increase (Decrease)	37,628,375	1,395,561	211,210	39,235,146
Prior period adjustment	-	-	-	-
Net Position - beginning	243,272,726	25,146,207	664,065	269,082,998
Net Position - ending	\$ 280,901,101	\$ 26,541,768	\$ 875,275	\$ 308,318,144

City of Spokane

Combining Statement of Net Position
Agency Funds
December 31, 2013

	Parking & Business Improvement District	Spokane Regional Transportation Council	EMS Program Director	Transportation Benefit District	Salary Clearing	Claims Clearing	Fiscal Agency	Total
ASSETS								
Cash and equivalents	\$ 96,700	\$ 323,883	\$ 95,302	\$ 248,752	\$ 137,966	\$ 1,920,960	\$ 40,000	\$ 2,863,563
Equity in pooled investments	-	-	-	1,541,855	-	-	-	1,541,855
Deposits with fiscal agents/trustees	-	-	-	-	-	-	-	-
Other receivables	-	-	6	113,596	252	-	-	113,854
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	1,247	-	-	-	1,247
Investments, noncurrent	-	-	-	-	-	-	-	-
Other noncurrent assets	-	-	-	-	-	-	-	-
Total Assets	\$ 96,700	\$ 323,883	\$ 95,308	\$ 1,905,450	\$ 138,218	\$ 1,920,960	\$ 40,000	\$ 4,520,519
LIABILITIES								
Warrants payable	\$ -	\$ -	\$ -	\$ -	\$ 137,216	\$ 1,920,824	\$ -	\$ 2,058,040
Accounts/vouchers payable	-	170	3,384	17,660	1,002	136	-	22,352
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	52,728	320,219	90,066	1,887,790	-	-	-	2,350,803
Interfund loan payable	-	-	-	-	-	-	-	-
Other accrued liabilities	-	-	1,804	-	-	-	-	1,804
Other current liabilities	43,972	3,494	54	-	-	-	-	47,520
Other long-term liabilities	-	-	-	-	-	-	40,000	40,000
Total Liabilities	\$ 96,700	\$ 323,883	\$ 95,308	\$ 1,905,450	\$ 138,218	\$ 1,920,960	\$ 40,000	\$ 4,520,519

City of Spokane

Combining Statement of Changes in Net Position
Agency Funds
For the Fiscal Year Ended December 31, 2013

continued

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Parking and Business Improvement District				
ASSETS				
Cash and equivalents	\$ 129,089	\$ 954,484	\$ 986,873	\$ 96,700
Total Assets	\$ 129,089	\$ 954,484	\$ 986,873	\$ 96,700
LIABILITIES				
Accounts/vouchers payable	\$ 3,333	\$ -	\$ 3,333	\$ -
Due to other governments	52,005	723	-	52,728
Other current liabilities	73,751	952,953	982,732	43,972
Total Liabilities	\$ 129,089	\$ 953,676	\$ 986,065	\$ 96,700
Spokane Regional Transportation Council				
ASSETS				
Cash and equivalents	\$ 183,837	\$ 1,386,689	\$ 1,246,643	\$ 323,883
Total Assets	\$ 183,837	\$ 1,386,689	\$ 1,246,643	\$ 323,883
LIABILITIES				
Accounts/vouchers payable	\$ 28	\$ 170	\$ 28	\$ 170
Due to other governments	180,459	139,760	-	320,219
Other current liabilities	3,350	37,916	37,772	3,494
Total Liabilities	\$ 183,837	\$ 177,846	\$ 37,800	\$ 323,883
EMS Program Director				
ASSETS				
Cash and equivalents	\$ 83,733	\$ 137,496	\$ 125,927	\$ 95,302
Other receivables	75	6	75	6
Total Assets	\$ 83,808	\$ 137,502	\$ 126,002	\$ 95,308
LIABILITIES				
Accounts/vouchers payable	\$ 125	\$ 3,384	\$ 125	\$ 3,384
Due to other governments	81,731	8,335	-	90,066
Other accrued liabilities	1,846	1,805	1,847	1,804
Other current liabilities	106	9	61	54
Total Liabilities	\$ 83,808	\$ 13,533	\$ 2,033	\$ 95,308
Transportation Benefit District				
ASSETS				
Cash and equivalents	\$ 549,409	\$ 2,558,053	\$ 2,858,710	\$ 248,752
Equity in pooled investments	618,624	1,062,440	139,209	1,541,855
Due from other governments	-	1,247	-	1,247
Other receivables	40,843	113,595	40,842	113,596
Total Assets	\$ 1,208,876	\$ 3,735,335	\$ 3,038,761	\$ 1,905,450
LIABILITIES				
Accounts/vouchers payable	\$ 18,726	\$ 17,660	\$ 18,726	\$ 17,660
Due to other governments	1,190,147	697,643	-	1,887,790
Other current liabilities	3	-	3	-
Total Liabilities	\$ 1,208,876	\$ 715,303	\$ 18,729	\$ 1,905,450

City of Spokane

Combining Statement of Changes in Net Position
Agency Funds
For the Fiscal Year Ended December 31, 2013

	concluded			
	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
Salary Clearing				
ASSETS				
Cash and equivalents	\$ 230,386	\$ 172,977,610	\$ 173,070,030	\$ 137,966
Other receivables	-	252	-	252
Total Assets	\$ 230,386	\$ 172,977,862	\$ 173,070,030	\$ 138,218
LIABILITIES				
Warrants payable	\$ 230,386	172,976,897	173,070,067	137,216
Accounts/vouchers payable	-	43,396,810	43,395,808	1,002
Total Liabilities	\$ 230,386	\$ 216,373,707	\$ 216,465,875	\$ 138,218
Claims Clearing				
ASSETS				
Cash and equivalents	\$ 3,525,934	\$ 294,501,672	\$ 296,106,646	\$ 1,920,960
Other receivables	294,407	-	294,407	-
Total Assets	\$ 3,820,341	\$ 294,501,672	\$ 296,401,053	\$ 1,920,960
LIABILITIES				
Warrants payable	\$ 3,820,341	294,126,404	296,025,921	1,920,824
Accounts/vouchers payable	-	56,424	56,288	136
Total Liabilities	\$ 3,820,341	\$ 294,182,828	\$ 296,082,209	\$ 1,920,960
Fiscal Agency				
ASSETS				
Cash and equivalents	\$ 75,000	\$ 19,227,690	\$ 19,262,690	\$ 40,000
Total Assets	\$ 75,000	\$ 19,227,690	\$ 19,262,690	\$ 40,000
LIABILITIES				
Other long-term liabilities	\$ 75,000	-	35,000	40,000
Total Liabilities	\$ 75,000	\$ -	\$ 35,000	\$ 40,000
Total - All Agency Funds				
ASSETS				
Cash and equivalents	\$ 4,777,388	\$ 491,743,694	\$ 493,657,519	\$ 2,863,563
Equity in pooled investments	618,624	1,062,440	139,209	1,541,855
Due from other governments	-	1,247	-	1,247
Other receivables	335,325	113,853	335,324	113,854
Total Assets	\$ 5,731,337	\$ 492,921,234	\$ 494,132,052	\$ 4,520,519
LIABILITIES				
Warrants payable	\$ 4,050,727	467,103,301	469,095,988	2,058,040
Accounts/vouchers payable	22,212	43,474,448	43,474,308	22,352
Due to other governments	1,504,342	846,461	-	2,350,803
Other accrued liabilities	1,846	1,805	1,847	1,804
Other current liabilities	77,210	990,878	1,020,568	47,520
Other long-term liabilities	75,000	19,227,690	19,262,690	40,000
Total Liabilities	\$ 5,731,337	\$ 531,644,583	\$ 532,855,401	\$ 4,520,519

City of Spokane

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Statistical Section

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Statistical Section

This section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends 252-261
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal health has changed over time.

Revenue Capacity 262-275
These schedules contain information to help the reader assess the City's most significant revenue sources: property taxes and retail sales taxes.

Debt Capacity 276-281
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

Demographic Information 282-286
These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

Operating Information 287-297
These schedules offer operating data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

Financial Trends
Schedule 1 - Net Position by Component
Last Ten Fiscal Years (expressed in thousands)
(accrual basis of accounting)

	continued				
	2013	2012	2011	2010	2009
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	\$ 1,433,814	\$ 1,439,429	\$ 1,440,486	\$ 1,421,894	\$ 1,422,123
Restricted	73,990	89,631	100,547	15,145	10,258
Unrestricted	19,413	1,159	(3,362)	107,043	107,866
Total governmental activities net position	1,527,218	1,530,219	1,537,671	1,544,102	1,540,267
BUSINESS-TYPE ACTIVITIES					
Net investment in capital assets	601,683	610,788	584,415	530,846	500,752
Restricted ¹	-	13,471	14,632	32,148	23,704
Unrestricted	139,665	112,650	121,040	103,891	135,150
Total business-type activities net position	741,348	736,909	720,287	666,885	659,606
PRIMARY GOVERNMENT					
Net investment in capital assets	2,035,497	2,050,217	2,025,101	1,952,740	1,922,875
Restricted	73,990	103,102	115,179	47,313	33,962
Unrestricted	159,079	113,809	117,678	210,934	243,036
Total primary government net position	\$ 2,268,567	\$ 2,267,128	\$ 2,257,958	\$ 2,210,987	\$ 2,199,873

Source: City of Spokane Accounting

¹ No restriction of fund balance is necessary since the assets are restricted in 2013. Years 2004-2012 have not been restated.

City of Spokane

Financial Trends

Schedule 1 - Net Position by Component

Last Ten Fiscal Years (expressed in thousands)
(accrual basis of accounting)

	continued				
	2008	2007	2006	2005	2004
GOVERNMENTAL ACTIVITIES					
Net investment in capital assets	\$ 1,410,639	\$ 1,398,671	\$ 1,402,016	\$ 1,413,074	\$ 111,775
Restricted	9,536	28,468	37,751	5,451	19,851
Unrestricted	115,200	93,227	80,957	51,920	37,315
Total governmental activities net position	1,535,375	1,520,366	1,520,724	1,470,445	168,941
BUSINESS-TYPE ACTIVITIES					
Net investment in capital assets	463,217	436,018	382,864	346,249	316,315
Restricted ¹	24,591	25,372	31,914	19,758	15,183
Unrestricted	156,400	149,153	150,752	160,615	156,374
Total business-type activities net position	644,208	610,543	565,530	526,622	487,872
PRIMARY GOVERNMENT					
Net investment in capital assets	1,873,856	1,834,689	1,784,880	1,759,323	428,090
Restricted	34,127	53,840	69,665	25,709	35,034
Unrestricted	271,600	242,380	231,709	212,535	193,689
Total primary government net position	\$ 2,179,583	\$ 2,130,909	\$ 2,086,254	\$ 1,997,067	\$ 656,813

Source: City of Spokane Accounting

¹No restriction of fund balance is necessary since the assets are restricted in 2013. Years 2004-2012 have not been restated.

City of Spokane

Financial Trends

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in thousands)
(accrual basis of accounting)

	continued				
	2013	2012	2011	2010	2009
EXPENSES					
Governmental activities:					
General government	\$ 15,181	\$ 28,092	\$ 14,785	\$ 16,002	\$ 15,036
Judicial	6,700	7,451	6,947	6,810	6,777
Public safety	109,027	114,361	108,308	103,314	102,973
Utilities environment ¹	-	-	1,985	2,774	3,067
Transportation	48,666	42,310	48,458	44,945	47,564
Mental and physical health	118	497	105	93	93
Economic environment	22,153	20,303	24,571	25,734	23,165
Culture and recreation	29,133	37,314	30,365	25,852	25,378
Interest on long-term debt	7,995	8,342	8,770	7,921	8,758
Total governmental activities expenses	238,972	258,670	244,994	233,445	232,811
Business-type activities:					
Water/Sewer ²	97,160	97,360	92,449	86,263	84,974
Solid Waste	74,174	73,192	67,941	77,426	71,101
Other business-type activities	8,607	6,722	6,651	6,480	6,530
Total business-type activities expenses	179,941	177,274	167,041	170,169	162,605
Total primary government expenses	\$ 418,914	\$ 435,944	\$ 411,335	\$ 403,614	\$ 395,416
PROGRAM REVENUES					
Governmental activities:					
General government	\$ 14,697	\$ 16,753	\$ 11,653	\$ 11,505	\$ 11,371
Judicial	5,645	7,385	4,007	4,803	4,151
Public safety	5,561	3,495	4,708	4,556	5,942
Utilities environment ¹	-	-	637	482	165
Transportation	2,500	421	3,199	4,382	3,262
Mental and physical health	282	(4,745)	129	57	123
Economic environment	1,864	8,075	2,553	759	1,087
Culture and recreation	1,472	3,382	2,968	3,187	3,377
Operating grants and contributions	14,159	19,280	16,742	20,640	20,170
Capital grants and contributions	7,289	11,296	18,335	20,860	23,121
Total governmental activities program revenues	55,451	65,342	64,951	71,231	72,767
Business-type activities:					
Charges for services:					
Water/Sewer ²	116,964	114,078	108,390	93,643	89,888
Solid Waste	68,986	67,308	70,944	71,918	70,411
Other business-type activities	9,172	6,617	6,140	6,301	6,028
Operating grants and contributions	-	-	-	804	249
Capital grants and contributions	5,419	7,486	6,677	5,927	7,474
Total business-type activities program revenues	200,540	195,489	192,151	178,593	174,052
Total primary government program revenues	\$ 255,992	\$ 260,831	\$ 257,102	\$ 249,824	\$ 246,821
NET (EXPENSE)/REVENUE					
Governmental activities	(183,521)	(193,328)	(179,343)	(162,214)	(160,042)
Business-type activities	20,599	18,215	25,110	8,424	11,447
Total primary government net expense	\$ (162,922)	\$ (175,113)	\$ (154,233)	\$ (153,790)	\$ (148,595)

¹Utilities environment previously classified as physical environment.

²Water and Sewer merged in 2013. Prior years restated.

Source: City of Spokane Accounting

City of Spokane

Financial Trends
Schedule 2 - Changes in Net Position
 Last Ten Fiscal Years (expressed in thousands)
 (accrual basis of accounting)

	continued				
	2008	2007	2006	2005	2004
EXPENSES					
Governmental activities:					
General government	\$ 11,147	\$ 19,753	\$ 17,865	\$ 10,621	\$ 10,759
Judicial	6,640	5,909	5,467	5,443	5,636
Public safety	99,769	93,939	83,101	79,577	84,419
Utilities environment ¹	2,762	2,584	2,272	1,419	1,653
Transportation	39,221	37,481	35,168	33,531	17,625
Mental and physical health	83	75	82	82	72
Economic environment	20,238	23,607	22,377	12,123	44,986
Culture and recreation	25,125	21,274	20,140	19,297	21,478
Interest on long-term debt	8,201	6,588	5,727	9,752	6,095
Total governmental activities expenses	213,186	211,232	191,699	171,845	192,723
Business-type activities:					
Water/Sewer ²	74,399	69,444	62,902	56,928	54,284
Solid Waste	68,911	63,682	61,747	59,259	59,373
Other business-type activities	6,747	7,508	6,800	6,468	6,573
Total business-type activities expenses	150,057	140,634	131,449	122,655	120,230
Total primary government expenses	\$ 363,243	\$ 351,866	\$ 323,148	\$ 294,500	\$ 312,953
PROGRAM REVENUES					
Governmental activities:					
General government	\$ 8,945	\$ 7,986	\$ 9,261	\$ 15,534	\$ 9,358
Judicial	3,266	3,124	3,350	3,582	3,617
Public safety	5,867	5,191	5,475	4,590	3,111
Utilities environment ¹	73	139	118	150	125
Transportation	6,199	3,095	2,924	2,377	2,280
Mental and physical health	104	108	101	83	90
Economic environment	1,172	642	111	18,621	617
Culture and recreation	3,644	3,637	3,586	3,966	4,157
Operating grants and contributions	14,802	12,647	16,812	6,228	8,019
Capital grants and contributions	15,416	10,069	9,414	19,966	15,504
Total governmental activities program revenues	59,488	46,638	51,152	54,029	46,878
Business-type activities:					
Charges for services:					
Water/Sewer ²	87,303	87,500	80,493	71,365	63,831
Solid Waste	68,680	70,054	67,287	65,173	65,895
Other business-type activities	6,172	6,972	7,453	4,482	6,420
Operating grants and contributions	928	191	736	289	814
Capital grants and contributions	15,014	11,725	18,410	16,096	8,447
Total business-type activities program revenues	178,097	176,442	174,379	157,405	145,407
Total primary government program revenues	\$ 237,585	\$ 223,080	\$ 225,531	\$ 211,434	\$ 192,285
NET (EXPENSE)/REVENUE					
Governmental activities	(153,698)	(164,294)	(140,547)	(117,814)	(145,845)
Business-type activities	28,040	35,808	42,910	34,750	25,177
Total primary government net expense	\$ (125,658)	\$ (128,784)	\$ (97,637)	\$ (83,064)	\$ (120,668)

¹Utilities environment previously classified as physical environment.

²Water and Sewer merged in 2013. Prior years restated.

Source: City of Spokane Accounting

City of Spokane

Financial Trends
Schedule 2 - Changes in Net Position
 Last Ten Fiscal Years (expressed in thousands)
 (accrual basis of accounting)

	continued				
	2013	2012	2011	2010	2009
GENERAL REVENUES & OTHER CHANGES IN NET POSITION					
Governmental activities:					
Property taxes	\$ 63,701	\$ 63,450	\$ 60,900	\$ 57,616	\$ 53,022
Sales taxes	44,871	41,478	37,559	36,990	35,403
Utility taxes	55,400	57,584	57,213	52,716	54,437
Other taxes	13,868	12,759	11,704	13,144	12,859
Interest and investment earnings:	1,472	3,938	3,304	5,655	6,319
Transfers	49	17	439	(225)	52
Total governmental activities	179,361	179,226	171,119	165,901	162,092
Business-type activities:					
Interest and investment earnings:	(859)	1,232	928	1,816	2,007
Transfers	(49)	(17)	(439)	220	(52)
Total business-type activities	(909)	1,215	489	2,036	1,955
Total primary government	\$ 178,452	\$ 180,441	\$ 171,608	\$ 167,937	\$ 164,047
CHANGE IN NET POSITION					
Governmental activities	(4,140)	(14,102)	(8,224)	3,687	2,050
Business-type activities	19,690	19,430	25,599	10,460	13,402
Total primary government	\$ 15,551	\$ 5,328	\$ 17,375	\$ 14,147	\$ 15,452

Source: City of Spokane Accounting

City of Spokane

Financial Trends
Schedule 2 - Changes in Net Position
 Last Ten Fiscal Years (expressed in thousands)
 (accrual basis of accounting)

	concluded				
	2008	2007	2006	2005	2004
GENERAL REVENUES & OTHER CHANGES IN NET POSITION					
Governmental activities:					
Property taxes	\$ 48,873	\$ 53,472	\$ 52,295	\$ 46,055	\$ 39,431
Sales taxes	37,999	31,797	37,745	32,486	30,232
Utility taxes	53,204	46,884	45,494	38,092	34,636
Other taxes	14,241	15,228	17,362	17,912	14,036
Interest and investment earnings	10,019	9,304	7,228	4,258	2,232
Transfers	10	(1,173)	(38)	832	(118)
Total governmental activities	164,346	155,512	160,106	139,835	120,449
Business-type activities:					
Interest and investment earnings	6,409	8,071	7,291	4,624	2,230
Transfers	(10)	1,173	38	(832)	118
Total business-type activities	6,399	9,244	7,329	3,792	2,348
Total primary government	\$ 170,745	\$ 164,756	\$ 167,435	\$ 143,627	\$ 122,817
CHANGE IN NET POSITION					
Governmental activities	10,648	(9,082)	19,559	22,019	(25,396)
Business-type activities	34,439	45,052	50,239	38,542	27,545
Total primary government	\$ 45,087	\$ 35,970	\$ 69,798	\$ 60,561	\$ 2,149

Source: City of Spokane Accounting

City of Spokane

Financial Trends
Schedule 3 - Fund Balance, Governmental Funds
 Last Ten Fiscal Years (expressed in thousands)
 (modified accrual basis of accounting)

	continued				
	2013	2012	2011	2010	2009
GENERAL FUND					
Nonspendable	\$ 994	\$ 979	\$ 1,062	N/A	N/A
Restricted	637	704	38	N/A	N/A
Committed	15,014	16,016	15,330	N/A	N/A
Assigned	2,682	2,974	3,061	N/A	N/A
Unassigned	16,291	17,837	15,797	N/A	N/A
Reserved	-	-	-	-	-
Unreserved	-	-	-	36,766	35,991
Total general fund	35,618	38,510	35,288	36,766	35,991
SPECIAL REVENUE FUNDS					
Nonspendable	\$ 2,363	\$ 1,275	\$ -	N/A	N/A
Restricted	47,200	44,412	47,700	N/A	N/A
Committed	16,206	16,185	11,558	N/A	N/A
Assigned	9,163	8,269	9,933	N/A	N/A
Unassigned	-	-	-	N/A	N/A
Reserved	-	-	-	34,327	31,416
Unreserved	-	-	-	31,281	31,361
Total special revenue funds	74,932	70,141	69,191	65,608	62,777
DEBT SERVICE FUNDS					
Nonspendable	\$ 259	\$ 271	\$ -	N/A	N/A
Restricted	5,856	5,641	4,285	N/A	N/A
Committed	-	-	1,245	N/A	N/A
Assigned	-	-	-	N/A	N/A
Unassigned	-	-	-	N/A	N/A
Reserved	-	-	-	165	-
Unreserved	-	-	-	5,505	5,961
Total debt service funds	6,115	5,912	5,530	5,670	5,961
CAPITAL PROJECTS FUNDS					
Nonspendable	\$ 1,666	\$ 2,254	\$ -	N/A	N/A
Restricted	20,297	38,874	44,526	N/A	N/A
Committed	-	-	-	N/A	N/A
Assigned	4,266	-	4,943	N/A	N/A
Unassigned	-	(4,098)	(2,094)	N/A	N/A
Reserved	-	-	-	2,353	-
Unreserved	-	-	-	64,849	49,488
Total capital projects funds	26,229	36,232	47,375	67,202	49,488
Total governmental funds	\$ 142,894	\$ 150,795	\$ 157,384	\$ 175,246	\$ 154,217

Source: City of Spokane Accounting

City of Spokane

Financial Trends
Schedule 3 - Fund Balance, Governmental Funds
Last Ten Fiscal Years (expressed in thousands)
(modified accrual basis of accounting)

	concluded				
	2008	2007	2006	2005	2004
GENERAL FUND					
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Reserved	-	-	-	-	-
Unreserved	35,528	33,581	19,458	4,440	1,669
Total general fund	35,528	33,581	19,458	4,440	1,669
SPECIAL REVENUE FUNDS					
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Reserved	30,333	1,504	1,316	1,540	1,493
Unreserved	34,625	38,285	34,699	28,423	28,271
Total special revenue funds	64,958	39,789	36,015	29,963	29,764
DEBT SERVICE FUNDS					
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Reserved	-	-	-	-	-
Unreserved	5,897	9,152	10,197	9,743	8,679
Total debt service funds	5,897	9,152	10,197	9,743	8,679
CAPITAL PROJECTS FUNDS					
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
Reserved	89,577	99,536	27,428	39,063	52,227
Unreserved	89,577	99,536	27,428	39,063	52,227
Total capital projects funds	89,577	99,536	27,428	39,063	52,227
Total governmental funds	\$ 195,960	\$ 142,058	\$ 93,098	\$ 83,209	\$ 92,339

Source: City of Spokane Accounting

City of Spokane

Financial Trends
Schedule 4 - Changes in Fund Balance
All Governmental Fund Types
Last Ten Fiscal Years (expressed in thousands)
(modified accrual basis of accounting)

	continued				
	2013	2012	2011	2010	2009
REVENUES					
Taxes:					
Property taxes	\$ 42,478	\$ 43,242	\$ 40,885	\$ 57,154	\$ 53,120
Sales taxes	44,871	41,478	35,804	35,298	35,403
Utility taxes	48,869	57,584	57,213	52,716	54,437
Other taxes	13,868	3,740	2,977	4,684	4,997
Total taxes	170,286	166,084	156,881	149,854	147,957
Licenses, permits, and fees	6,929	6,598	6,803	7,038	6,220
Intergovernmental	35,407	42,828	41,836	48,131	51,302
Charges for services	25,711	28,200	26,915	25,404	24,716
Fines and forfeitures	4,843	4,755	4,421	5,131	4,249
Miscellaneous	6,472	10,388	9,244	9,997	11,977
Total revenues	249,848	258,853	246,100	245,555	246,421
EXPENDITURES					
General government	30,566	32,089	27,082	28,890	24,798
Public safety	111,634	110,783	103,061	101,099	100,084
Utilities environment ¹	-	11,749	11,181	10,479	10,386
Transportation	27,778	20,594	18,931	18,565	19,357
Economic environment	21,536	23,434	23,101	23,328	22,384
Mental and physical health	118	108	105	107	107
Culture and recreation	23,257	24,918	23,816	22,515	22,629
Capital outlay	27,266	27,205	37,502	48,684	69,513
Debt service:					
Principal	11,135	11,183	10,938	11,838	11,208
Interest	7,762	8,416	8,747	7,447	8,276
Total expenditures	261,052	270,479	264,464	272,952	288,742
Excess revenues over (under) expenditures	(11,204)	(11,626)	(18,364)	(27,397)	(42,321)
OTHER FINANCING SOURCES (USES)					
Long term debt issued	-	-	-	45,070	-
Sale of capital assets	2,316	6,148	3,194	169	709
Collection of revolving loans	-	-	-	-	-
Other nonrevenues	-	-	-	-	9
Premium on debt issuance	-	-	-	922	-
Transfers in	33,529	34,487	39,583	42,232	44,413
Transfers out	(37,443)	(34,314)	(40,112)	(42,275)	(44,313)
Total other financing sources (uses)	(1,617)	6,321	2,665	48,118	818
OTHER CHANGES IN FUND BALANCE					
Prior period adjustment	33	(1,283)	(2,163)	2,307	(239)
Net change in fund balance	\$ (12,789)	\$ (6,588)	\$ (17,862)	\$ 21,038	\$ (41,742)
Debt service as a percentage of noncapital expenditures (as restated)	8.79%	8.76%	9.50%	9.41%	9.75%

¹Utilities environment includes items previously classified as physical environment.

Source: City of Spokane Accounting

City of Spokane

Financial Trends Schedule 4 - Changes in Fund Balance All Governmental Fund Types Last Ten Fiscal Years (expressed in thousands) (modified accrual basis of accounting)

	continued				
	2008	2007	2006	2005	2004
REVENUES					
Taxes:					
Property taxes	\$ 48,573	\$ 53,634	\$ 52,377	\$ 46,043	\$ 39,513
Retail sales and use taxes	37,999	39,188	37,099	31,298	29,920
Business taxes	53,204	46,884	45,494	38,092	34,639
Other taxes	6,463	8,278	9,260	10,035	6,990
Total Taxes	146,239	147,984	144,230	125,468	111,062
Licenses, permits, and fees	6,251	5,843	5,829	4,818	5,672
Intergovernmental	37,971	33,025	33,259	28,831	28,605
Charges for services	21,524	17,760	16,377	16,592	15,928
Fines and forfeitures	3,609	3,448	3,549	3,699	3,734
Miscellaneous	14,047	12,486	16,948	40,260	12,568
Total revenues	229,641	220,546	220,192	219,668	177,569
EXPENDITURES					
General government	22,265	20,520	19,275	17,981	19,078
Public safety	98,301	93,344	82,024	78,259	82,204
Utilities and environment ¹	8,927	6,971	6,329	5,890	5,427
Transportation	20,689	17,361	15,424	14,157	13,974
Economic environment	20,054	23,562	22,505	12,232	44,911
Mental and physical health	83	95	95	95	86
Culture and recreation	20,994	19,779	18,844	18,136	19,597
Capital outlay	39,707	26,454	33,860	41,777	26,838
Debt service:					
Principal	13,729	28,920	14,613	62,676	12,541
Interest	6,935	5,435	5,543	10,217	5,903
Total expenditures	251,684	242,441	218,512	261,420	230,559
Excess revenues over (under) expenditures	(22,043)	(21,895)	1,680	(41,752)	(52,990)
OTHER FINANCING SOURCES (USES)					
Long term debt issued	43,900	60,508	403	29,342	59,557
Sale of capital assets	787	733	1,126	1,896	387
Collection of revolving loans	-	2,298	2,626	-	-
Other nonrevenues	-	-	-	-	-
Premium on debt issuance	745	-	-	-	-
Transfers in	48,555	37,665	39,794	47,013	41,678
Transfers out	(49,073)	(38,955)	(39,033)	(45,183)	(40,299)
Total other financing sources (uses)	44,914	62,249	4,916	33,068	61,323
OTHER CHANGES IN FUND BALANCE					
Prior period adjustment	31,032	8,606	71	(447)	-
Net change in fund balance	\$ 53,903	\$ 48,960	\$ 6,667	\$ (9,131)	\$ 8,333
Debt service as a percentage of noncapital expenditures (as restated)	10.80%	18.91%	12.25%	49.47%	9.55%

¹Utilities environment includes items previously classified as physical environment.

Source: City of Spokane Accounting

City of Spokane

Revenue Capacity Schedule 5 - Assessed and Estimated Value of Taxable Property Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
Personal property - local	\$ 738,771	\$ 714,758	\$ 672,486	\$ 692,099	\$ 658,905
Personal property - state	549,624	486,363	363,389	337,284	316,273
Real property	16,983,134	17,060,441	16,937,286	17,154,091	17,445,805
Tax-exempt property	(3,316,658)	(3,560,577)	(3,067,019)	(2,989,137)	(2,880,946)
Total taxable assessed value	14,954,871	14,700,985	14,906,142	15,194,337	15,539,837
Total direct tax rate	4.440	4.340	4.234	4.043	3.794
Estimated actual taxable value	19,374,215	19,365,207	19,365,426	19,507,724	19,919,234
Taxable assessed value as a percentage of estimated actual taxable value	77.59%	75.91%	76.97%	77.88%	78.01%

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 5 - Assessed and Estimated Value of Taxable Property
Last Ten Fiscal Years (expressed in thousands)

	continued				
	2008	2007	2006	2005	2004
Personal property - local	\$ 589,227	\$ 539,384	\$ 516,357	\$ 505,355	\$ 499,329
Personal property - state	324,236	343,230	341,050	342,691	348,935
Real property	17,264,752	16,071,112	14,064,278	11,957,008	10,603,473
Tax-exempt property	(2,829,612)	(2,565,426)	(2,292,007)	(2,004,484)	(1,874,616)
Total taxable assessed value	15,348,603	14,388,300	12,629,678	10,800,570	9,577,121
Total direct tax rate	3.731	4.782	5.317	5.279	4.677
Estimated actual taxable value	19,377,100	18,267,335	17,077,858	14,898,228	13,007,521
Taxable assessed value as a percentage of estimated actual taxable value	79.21%	78.68%	73.95%	72.50%	73.63%

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 6 - Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	continued				
	2013	2012	2011	2010	2009
CITY DIRECT RATES					
General Fund	2.651	2.556	2.490	2.376	2.271
EMS Fund	0.500	0.500	0.500	0.500	0.524
General Obligation Debt Service	0.910	0.918	0.888	0.828	0.791
Fire Pension	0.379	0.365	0.356	0.339	0.361
Total city direct rates	4.440	4.339	4.234	4.043	3.747
OVERLAPPING RATES					
State	2.373	2.445	2.346	2.241	2.002
County	1.349	1.346	1.279	1.239	1.198
School District	6.037	6.065	5.906	5.654	4.824
Total overlapping rates	9.759	9.856	9.531	9.134	8.024
Total property tax rate (as restated)	14.199	14.195	13.765	13.177	11.771

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 6 - Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	concluded				
	2008	2007	2006	2005	2004
CITY DIRECT RATES					
General Fund	2.262	2.347	2.832	3.150	3.139
EMS Fund	0.360	0.373	0.411	0.462	0.500
General Obligation Debt Service	0.849	0.676	1.089	1.255	1.191
Fire Pension	0.373	0.335	0.450	0.450	0.449
Total city direct rates	3.794	3.731	4.782	5.317	5.229
OVERLAPPING RATES					
State	1.898	1.929	2.194	2.631	2.912
County	1.191	1.226	1.361	1.433	1.557
School District	4.342	4.211	4.739	5.448	5.783
Total overlapping rates	7.431	7.366	8.294	9.512	10.252
Total property tax rate (as restated)	11.225	11.097	13.076	14.829	15.531

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 7 - Principal Property Tax Taxpayers
Current Fiscal Year and Nine Years Ago

2013				2004			
Tax Payer	Tax Assessed Valuation	Rank	Percent of Total Tax Assessed Valuation	Tax Payer	Tax Assessed Valuation	Rank	Percent of Total Tax Assessed Valuation
Avista Corporation	\$ 222,018,538	1	1.48%	Avista Corporation	\$ 165,975,228	1	1.73%
Spokane Washington Hospital Co. LLC	149,656,147	2	0.96%	US West Communications Inc.	113,961,168	2	1.19%
Harlan D. Douglass	143,455,765	3	1.00%	Northtown Mall	113,000,030	3	1.18%
Northtown Mall	85,582,600	4	0.57%	Harlan D. Douglass	66,491,720	4	0.69%
FLOWERDICE SACRED HEART MEDICAL CENTER	70,341,064	5	0.41%	Sacred Heart Medical Center	61,322,782	5	0.64%
Cedar Chateau/Creek/Springs Property	64,688,041	6	0.41%	Cowles Publishing	46,689,779	6	0.49%
River Park Square, LLC	61,724,104	7	0.40%	Walt B Worthy	45,902,280	7	0.48%
Quest Corporation	61,197,202	8	0.43%	North Pointe Plaza Inc.	41,983,500	8	0.44%
Hollister Sier Labs, LLC	59,991,288	9	0.47%	First States Investors, LLC	31,853,160	9	0.33%
Comcast of PA/WA/WW LP	55,837,760	10	0.37%	R.P.S. II, LLC	28,209,700	10	0.29%
Total	\$ 974,492,509		6.52%	Total	\$ 715,389,347		7.47%

Spokane Assessed Valuation
2013 \$ 14,954,871,525
2004 \$ 9,577,121,370

Sources: Spokane County Assessor, Spokane County

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Revenue Capacity
Schedule 8 - Property Tax Levies and Collection Percentage
Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
COLLECTED WITHIN THE FIRST YEAR OF THE LEVY					
Tax levied	\$ 63,217	\$ 63,760	\$ 61,057	\$ 57,630	\$ 58,007
Amount collected	61,448	61,980	58,945	55,783	56,164
Uncollected taxes in the levy year	1,769	1,780	2,112	2,047	1,843
Percentage collected in the first year	97.20%	97.21%	96.54%	96.46%	96.82%
TOTAL COLLECTIONS					
Previously delinquent taxes collected	1,840	1,032	1,977	1,572	1,795
Total property tax collected	63,288	63,012	60,922	57,355	57,959
Total tax collected as a percentage of the current year levy ¹	100.11%	98.63%	99.78%	99.18%	99.92%

¹If the collection of delinquent taxes from earlier years exceeded the current year's delinquent taxes, the percentage collected may exceed 100%.

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 8 - Property Tax Levies and Collection Percentage
 Last Ten Fiscal Years (expressed in thousands)

	concluded				
	2008	2007	2006	2005	2004
COLLECTED WITHIN THE FIRST YEAR OF THE LEVY					
Tax levied	\$ 53,435	\$ 59,945	\$ 57,261	\$ 50,268	\$ 43,506
Amount collected	51,490	57,864	55,896	50,426	43,720
Uncollected taxes in the levy year	1,945	2,081	1,565	(158)	(214)
Percentage collected in the first year	96.36%	96.53%	97.27%	100.31%	100.49%
TOTAL COLLECTIONS					
Previously delinquent taxes collected	1,226	1,814	1,430	1,348	1,599
Total property tax collected	52,716	59,678	57,326	51,774	45,319
Total tax collected as a percentage of the current year levy ¹	98.65%	99.55%	99.76%	103.00%	104.17%

¹ If the collection of delinquent taxes from earlier years exceeded the current year's delinquent taxes, the percentage collected may exceed 100%.

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 9 - Sales Subject to Retail Sales Tax by Industry¹
 Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
Retail Trade:					
Building materials, garden equipment and supplies	\$ 203,601	\$ 188,568	\$ 186,186	\$ 195,160	\$ 188,667
General Merchandise stores	392,777	413,007	405,991	419,941	426,161
Motor vehicles and parts	347,394	324,422	274,396	272,287	271,213
All other retail sales	997,751	936,204	903,536	923,448	918,129
Total retail sales	1,941,524	1,862,201	1,770,109	1,810,836	1,804,170
Construction	494,080	409,609	361,236	354,745	398,715
Accommodations and food service	522,202	502,990	462,938	448,952	430,306
Wholesale trade	344,160	341,303	312,034	312,464	326,271
Information	198,120	190,046	183,236	173,360	182,296
Manufacturing	78,211	77,005	77,339	77,810	83,845
All other industries	525,231	497,142	464,039	496,613	490,181
Total sales subject to retail sales tax	\$ 4,103,528	\$ 3,880,296	\$ 3,630,931	\$ 3,674,780	\$ 3,715,784
Direct sales tax rate as restated ²	6.5%	6.5%	6.5%	6.5%	6.5%

¹ Industry classifications are based on North American Industry Classification System (NAICS) codes.

² State tax rate only; excludes local sales tax rate.

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 9 - Sales Subject to Retail Sales Tax by Industry¹
Last Ten Fiscal Years (expressed in thousands)

	continued				
	2008	2007	2006	2005	2004
Retail Trade:					
Building materials, garden equipment and supplies	\$ 202,485	\$ 182,456	\$ 176,532	\$ 147,279	\$ 144,562
General Merchandise stores	415,141	375,609	368,010	334,399	311,335
Motor vehicles and parts	293,139	333,620	321,940	315,532	337,575
All other retail sales	971,117	1,013,997	971,493	893,007	819,110
Total retail sales	1,881,882	1,905,682	1,837,975	1,690,217	1,612,582
Construction	473,291	521,303	503,590	418,948	364,230
Accommodations and food service	441,019	431,004	400,000	361,361	343,326
Wholesale trade	355,355	396,584	370,131	337,839	331,786
Information	188,889	174,437	167,697	166,717	168,393
Manufacturing	96,459	82,511	83,544	67,960	63,544
All other industries	482,707	492,339	474,056	435,945	407,591
Total sales subject to retail sales tax	\$ 3,919,602	\$ 4,003,860	\$ 3,836,993	\$ 3,478,987	\$ 3,291,452
Direct sales tax rate as restated ²	6.5%	6.5%	6.5%	6.5%	6.5%

¹ Industry classifications are based on North American Industry Classification System (NAICS) codes.

² State tax rate only; excludes local sales tax rate.

Source: Spokane County Assessor

City of Spokane

Revenue Capacity
Schedule 10 - Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

	continued				
	2013	2012	2011	2010	2009
SALES TAX RATES					
State	6.5000	6.5000	6.5000	6.5000	6.5000
City direct	0.8743	0.8766	0.8766	0.8765	0.8918
County	0.5411	0.5411	0.5413	0.5415	0.5412
Spokane Transit	0.5940	0.5940	0.5940	0.5940	0.5940
Department of Revenue Administration	0.0210	0.0210	0.0210	0.0210	0.0210
Other Cities	0.0706	0.0683	0.0681	0.0681	0.0530
Public Facilities District	0.0990	0.0990	0.0990	0.0990	0.0990
Total sales tax rate	8.7000	8.7000	8.7000	8.7001	8.7000

COMPONENTS OF CURRENT YEAR SALES TAX RATE

State	6.500
Local ¹	1.000
Public Safety	0.100
Criminal Justice	0.100
Spokane Transit	0.600
Juvenile Detention and Facilities	0.100
Public Facilities District	0.100
Mental Health	0.100
Emergency Communications and Equipment	0.100
Total	8.700

¹ Taxable retail sales based upon Local .05-1.00% county/city sales tax collections per RCW 82.14.030.

Source: Washington State Department of Revenue Sales Tax Distribution Summary

City of Spokane

Revenue Capacity
Schedule 10 - Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

	concluded				
	2008	2007	2006	2005	2004
SALES TAX RATES					
State	6.5000	6.5000	6.5000	6.5000	6.5000
City direct	0.8922	0.8927	0.8930	0.8933	0.8680
County	0.5408	0.4414	0.4413	0.3423	0.2824
Spokane Transit	0.5940	0.5940	0.5940	0.5940	0.5940
Department of Revenue Administration	0.0210	0.0200	0.0200	0.0190	0.0190
Other Cities	0.0530	0.0528	0.0527	0.0523	0.0376
Public Facilities District	0.0990	0.0990	0.0990	0.0990	0.0990
Total sales tax rate	8.7000	8.5999	8.6000	8.4999	8.4000

¹ Taxable retail sales based upon Local .05-1.00% co ¹ Taxable retail sales based upon Local .05-1.00% county/city sales tax collections per RCW 82.14.030

Source: Washington State Department of Revenue Sales Tax Distribution Summary

City of Spokane

Revenue Capacity
Schedule 11 - Number of Retail Sales Taxpayers by Industry¹
Current Fiscal Year and Nine Years Ago

2013				2004			
Industry	Number of Businesses	Rank	Percent of Total Businesses	Industry	Number of Businesses	Rank	Percent of Total Businesses
Retail trade	5,570	1	30.4%	Retail trade	3,275	1	26.4%
Wholesale trade	2,998	2	16.3%	Construction	2,138	2	17.2%
Construction	2,539	3	13.8%	Wholesale trade	1,896	3	15.3%
All other industries ²	2,101	4	11.4%	Other services ²	1,790	4	14.4%
Management, education, and health services	1,359	5	7.4%	Management, education, and health services	967	5	7.8%
Manufacturing	1,315	6	7.2%	Professional, scientific, and technical services	686	6	5.5%
Professional, scientific, and technical services	1,155	7	6.3%	Accommodations and food services	551	7	4.4%
Accommodations and food services	648	8	3.5%	Manufacturing	535	8	4.3%
Other services ²	439	9	2.4%	All other industries ²	463	9	3.7%
Arts, entertainment, and recreation	228	10	1.2%	Arts, entertainment, and recreation	120	10	1.0%
Total	18,352		100.00%		12,421		100.00%

¹ Industry classifications are based on North American Industry Classification System (NAICS) codes.

² Other services consist of repair and maintenance, personal service, and religious, civic, and other organizations.

³ All other industries include real estate and rental leasing, transportation and warehousing, and information.

Source: Washington State Department of Revenue

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Debt Capacity
Schedule 12 - Ratios of Outstanding Debt by Type¹
 Last Ten Fiscal Years (expressed in thousands except per capita)

	continued				
	2013	2012	2011	2010	2009
Governmental Activities					
General obligation bonds	\$ 152,990	\$ 163,590	\$ 174,120	\$ 184,335	\$ 150,175
Special assessment bonds	640	965	1,370	1,845	2,525
Public Works Trust Fund loans	1,080	1,290	1,538	1,787	2,035
Promissory notes	325	325	325	325	325
Housing and Urban Development Section 108 loans	-	-	-	-	-
Total governmental activities debt	155,035	166,170	177,353	188,292	155,060
Business-Type Activities					
Golf revenue bond	-	520	1,005	1,465	1,905
Solid Waste revenue bond	-	-	-	8,260	23,985
Sewer revenue bond	-	-	-	-	-
Arena revenue bond	-	-	-	-	-
Public Works Trust Fund loans	7,651	9,502	10,130	11,443	11,840
Capital leases	-	-	-	-	-
Sewer state revolving loans	2,528	12,833	1,431	1,498	1,283
Total business-type activities debt	10,179	22,855	12,566	22,666	39,013
Total primary government debt	\$ 165,214	\$ 189,025	\$ 189,919	\$ 210,958	\$ 194,073
Debt Ratios					
Total Primary Government					
Ratio of total debt to personal income ²	N/A	0.96%	1.12%	1.29%	1.20%
Total debt per capita ³	783	847	908	1,020	944
General Bond Debt					
Ratio of general bonded debt to taxable value of property ⁴	1.02%	1.11%	1.17%	1.21%	0.97%
General bonded debt per capita ³	725	779	833	891	729

¹ Refer to Note 9 for long-term liability activity.

² Personal income data can be found in Schedule 15.

³ Population data can be found in Schedule 16.

⁴ Taxable value of property can be found in Schedule 5.

Source: City of Spokane Accounting

City of Spokane

Debt Capacity

Schedule 12 - Ratios of Outstanding Debt by Type¹

Last Ten Fiscal Years (expressed in thousands except per capita)

	continued				
	2008	2007	2006	2005	2004
Governmental Activities					
General obligation bonds	\$ 160,590	\$ 130,290	\$ 99,080	\$ 112,465	\$ 123,807
Special assessment bonds	3,070	3,905	4,683	5,289	5,518
Public Works Trust Fund loans	2,283	1,578	1,848	2,118	2,388
Promissory notes	325	325	325	325	325
Housing and Urban Development Section 108 loans	-	-	-	-	21,350
Total Governmental Activities Debt	166,268	136,098	105,936	120,197	153,388
Business-Type Activities					
Golf revenue bond	2,320	2,715	3,095	3,303	3,525
Solid Waste revenue bond	38,935	50,150	70,755	83,785	96,120
Sewer revenue bond	-	-	-	-	-
Arena revenue bond	-	-	-	-	-
Public Works Trust Fund loans	12,573	12,857	11,918	13,140	10,737
Capital leases	22	44	64	106	153
Sewer state revolving loans	1,409	1,491	1,562	1,564	1,398
Total Business-Type Activities Debt	55,259	67,257	87,394	101,898	111,933
Total Primary Government Debt	\$ 221,527	\$ 203,355	\$ 193,330	\$ 222,095	\$ 265,321
Debt Ratios					
Total Primary Government					
Ratio of total debt to personal income ²	1.38%	1.33%	1.37%	1.71%	2.12%
Total debt per capita ³	1,084	1,002	959	1,118	1,344
General Bond Debt					
Ratio of general bonded debt to taxable value of property ⁴	1.05%	0.91%	0.78%	1.04%	1.29%
General bonded debt per capita ³	787	642	490	565	628

¹ Refer to Note 9 for long-term liability activity.

² Personal income data can be found in Schedule 15.

³ Population data can be found in Schedule 16.

⁴ Taxable value of property can be found in Schedule 5.

Source: City of Spokane Accounting

City of Spokane

Debt Capacity

Schedule 13 - Legal Debt Margin Information

Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
LEGAL DEBT LIMIT CALCULATION¹					
Tax assessed value of property	\$ 14,954,871	\$ 14,700,985	\$ 14,906,142	\$ 15,194,337	\$ 15,539,837
7.5% debt limit	7.50%	7.50%	7.50%	7.50%	7.50%
Debt service limitation	1,121,615	1,102,574	1,117,961	1,139,575	1,165,488
Debt applicable to the limit:					
General obligation bonds	152,990	163,590	174,120	184,335	150,175
Promissory notes	325	325	325	325	325
Compensated absences	15,010	17,285	12,080	11,513	10,758
OPEB (other postemployment benefit) liability	13,092	10,527	7,669	4,700	3,593
Less assets available from GO Bond Fund	(5,672)	(5,244)	(4,828)	(4,916)	(5,309)
Total net debt applicable to the debt limit	175,745	186,483	189,367	195,957	159,542
Legal debt margin	\$ 945,870	\$ 916,091	\$ 928,594	\$ 943,618	\$ 1,005,946
Ratio of net debt applicable to the debt limit	15.67%	16.91%	16.94%	17.20%	13.69%

¹ Refer to Note 9 for long-term liability activity.

² Personal income data can be found in Schedule 15.

³ Population data can be found in Schedule 16.

⁴ Taxable value of property can be found in Schedule 5.

Source: City of Spokane Accounting

City of Spokane

Debt Capacity
Schedule 13 - Legal Debt Margin Information
Last Ten Fiscal Years (expressed in thousands)

	concluded				
	2008	2007	2006	2005	2004
LEGAL DEBT LIMIT CALCULATION¹					
Tax assessed value of property	\$ 15,348,603	\$ 14,388,300	\$ 12,629,679	\$ 10,800,569	\$ 9,577,121
7.5% debt limit	7.50%	7.50%	7.50%	7.50%	7.50%
Debt service limitation	1,151,145	1,079,123	947,226	810,043	718,284
Debt applicable to the limit:					
General obligation bonds	160,590	130,290	99,080	56,440	60,136
Promissory notes	325	325	325	325	325
Compensated absences	9,550	7,658	7,541	7,264	7,867
OPEB (other postemployment benefit) liability	1,799	327	124	-	-
Less assets available from GO Bond Fund	(5,317)	(8,296)	(8,344)	(8,152)	(7,988)
Total net debt applicable to the debt limit	166,947	130,304	98,726	55,877	60,340
Legal debt margin	\$ 984,198	\$ 948,819	\$ 848,500	\$ 754,166	\$ 657,944
Ratio of net debt applicable to the debt limit	14.50%	12.07%	10.42%	6.90%	8.40%

¹ Refer to Note 9 for long-term liability activity.

² Personal income data can be found in Schedule 15.

³ Population data can be found in Schedule 16.

⁴ Taxable value of property can be found in Schedule 5.

Source: City of Spokane Accounting

City of Spokane

Debt Capacity
Schedule 14 - Pledged Revenue Coverage
Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
REGIONAL SOLID WASTE MANAGEMENT SYSTEM REVENUE BONDS^{1,2}					
Gross Revenues	\$ -	\$ -	\$ 72,999	\$ 75,383	\$ 73,261
Operating Expenses	-	-	51,051	54,301	52,903
Net Available Revenue	-	-	21,948	21,082	20,358
Debt Service:					
Principal	-	-	8,260	15,725	14,950
Interest	-	-	336	1,183	1,991
Coverage Ratio	-	-	2.55	1.25	1.20
GOLF REVENUE BONDS^{1,3}					
Gross Revenues	\$ 3,048	\$ 3,002	\$ 2,975	\$ 3,277	\$ 3,136
Operating Expenses	2,621	2,511	2,555	2,384	2,336
Net Available Revenue	427	491	420	893	800
Debt Service:					
Principal	520	485	446	422	393
Interest	28	72	90	116	141
Coverage Ratio ²	0.78	0.88	0.78	1.66	1.50
SPECIAL ASSESSMENT DEBT¹					
Gross Revenues ⁴	\$ 1,008	\$ 780	\$ 898	\$ 1,030	\$ 897
Operating Expenses	-	-	-	-	-
Net Available Revenue	1,008	780	898	1,030	897
Debt Service ⁴ :					
Principal	639	751	722	894	633
Interest	107	137	157	188	205
Coverage Ratio	1.35	0.88	1.02	0.95	1.07

¹ Refer to Note 9 for long-term liability activity.

² The Golf Fund revenue did not meet the rate covenant for 2011-2013, however the debt was retired in 2013. The net revenue ratio is required to be 1.25.

³ Operating expenses for Golf do not include depreciation.

⁴ Balances restated

⁵ Debt retired.

Source: City of Spokane Accounting

City of Spokane

Debt Capacity Schedule 14 - Pledged Revenue Coverage Last Ten Fiscal Years (expressed in thousands)

	concluded				
	2008	2007	2006	2005	2004
REGIONAL SOLID WASTE MANAGEMENT SYSTEM REVENUE BONDS^{1,2}					
Gross Revenues	\$ 76,061	\$ 78,495	\$ 74,526	\$ 70,705	\$ 68,553
Operating Expenses	49,333	47,005	45,133	42,431	40,546
Net Available Revenue	26,728	31,490	29,393	28,274	28,007
Debt Service:					
Principal	11,215	20,605	13,030	12,335	11,665
Interest	2,534	3,410	4,219	5,055	5,736
Coverage Ratio	1.94	1.31	1.70	1.63	1.61
GOLF REVENUE BONDS^{1,3}					
Gross Revenues	\$ 2,958	\$ 3,195	\$ 3,039	\$ 3,040	\$ 2,930
Operating Expenses	2,237	2,148	2,000	2,108	2,232
Net Available Revenue	721	1,047	1,039	932	698
Debt Service:					
Principal	369	350	177	188	195
Interest	164	187	357	347	336
Coverage Ratio²	1.35	1.95	1.95	1.74	1.31
SPECIAL ASSESSMENT DEBT¹					
Gross Revenues ⁴	\$ 1,307	\$ 1,321	\$ 2,658	\$ 1,307	\$ 1,929
Operating Expenses	-	-	-	-	-
Net Available Revenue	1,307	1,321	2,658	1,307	1,929
Debt Service⁴:					
Principal	835	1,823	949	788	1,080
Interest	194	253	281	288	299
Coverage Ratio	1.27	0.64	2.13	1.22	1.40

¹ Refer to Note 9 for long-term liability activity.

² The Golf Fund revenue did not meet the rate covenant for 2011-2013, however the debt was refinanced in 2013. The net revenue ratio is required to be 1.25.

³ Operating expenses for Golf do not include depreciation.

⁴ Balances restated.

⁵ Debt refinanced.

Source: City of Spokane Accounting

City of Spokane

Demographic Information Schedule 15 - Demographic and Economic Statistics City of Spokane vs. State of Washington Last Ten Fiscal Years (expressed in millions except per capita)

	continued				
	2013	2012	2011	2010	2009
City of Spokane¹					
Personal income ²	N/A	\$ 19,650	\$ 17,028	\$ 16,329	\$ 16,132
Percent change	N/A	13.40%	4.28%	1.22%	0.24%
Per capita ³	N/A	94	81	79	78
Median age ⁴	37.21	37.13	37.11	37.36	37.11
School enrollment ⁵	29,256	28,868	29,043	29,034	29,261
Unemployment rate ⁶	7.90	8.60	9.43	9.22	8.80
Consumer price index (CPI) ⁷	235.80	232.40	227.50	221.20	218.80
CPI percent change	1.46%	2.16%	2.84%	1.10%	-0.36%
State of Washington¹					
Personal income ²	\$ 327,871	\$ 317,575	\$ 299,685	\$ 283,368	\$ 276,728
Percent change	3.24%	5.97%	5.76%	2.40%	-4.39%
Per capita	47,031	46,045	43,878	42,024	41,504

Sources:

¹ Washington State Office of Financial Management

^{2,3} U.S. Bureau of Economic Analysis

^{4,5} U.S. Bureau of Labor Statistics

⁶ Spokane is now included in the Spokane-Spokane Valley MSA; 2012 was restated as a result.

Demographic Information Schedule 16 - Population Comparison City of Spokane vs. State of Washington Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
City of Spokane¹					
Population	211.0	210.0	209.0	207.0	206.0
Net increase (Decrease)	1.0	1.0	2.0	1.0	2.0
Percent change	0.5%	0.5%	1.0%	0.5%	1.0%
Components of change:					
Births	60.2	56.8	58.3	60.0	61.0
Deaths	41.1	39.8	39.1	39.2	40.8
Net migration	2.484	1.252	(489)	2,716	4,102
State of Washington¹					
Population	6,882.4	6,817.8	6,767.9	6,724.5	6,672.2
Net increase (Decrease)	64.60	49.90	43.40	52.30	64.00
Percent change	0.93%	0.74%	0.65%	0.78%	0.97%
Components of change:					
Births	88.4	84.1	85.3	88.2	89.8
Deaths	50.5	48.4	48.0	47.7	48.1
Net migration	26,572	14,389	6,055	11,834	22,192

Source:

¹ Washington State Office of Financial Management

City of Spokane

Demographic Information

Schedule 15 - Demographic and Economic Statistics City of Spokane vs. State of Washington

Last Ten Fiscal Years (expressed in millions except per capita)

	concluded				
	2008	2007	2006	2005	2004
City of Spokane¹					
Personal income ²	\$ 16,094	\$ 15,330	\$ 14,153	\$ 13,025	\$ 12,509
Percent change	4.98%	8.32%	8.66%	4.13%	4.48%
Per capita ²	79	76	70	65	63
Median age ³	36.96	36.88	36.79	36.65	36.39
School enrollment ³	29,280	29,543	29,875	30,061	30,540
Unemployment rate ⁴	5.60	4.80	5.00	4.64	6.54
Consumer price index (CPI) ⁵	219.60	212.20	205.70	198.90	193.00
CPI percent change	3.49%	3.16%	3.42%	3.06%	2.33%
State of Washington¹					
Personal income	\$ 289,434	\$ 272,625	\$ 252,091	\$ 230,057	\$ 222,422
Percent change	6.17%	8.15%	9.58%	3.43%	7.46%
Per capita	44,104	42,192	39,570	36,766	35,998

Sources:

¹Washington State Office of Financial Management
²U.S. Bureau of Economic Analysis
³Spokane Public Schools District
⁴U.S. Bureau of Labor Statistics
⁵Spokane is now included in the Spokane-Spokane Valley MSA; 2012 was restated as a result

Demographic Information

Schedule 16 - Population Comparison City of Spokane vs. State of Washington

Last Ten Fiscal Years (expressed in thousands)

	concluded				
	2008	2007	2006	2005	2004
City of Spokane¹					
Population	204.0	203.0	202.0	199.0	197.0
Net Increase (Decrease)	1.0	1.0	3.0	2.0	N/A
Percent change	0.5%	0.5%	1.5%	1.0%	0.0%
Components of change:					
Births	60.7	60.4	56.4	55.3	54.4
Deaths	36.7	37.2	35.7	37.8	37.3
Net migration	4,070	4,968	6,430	4,595	1,302
State of Washington¹					
Population	6,608.2	6,525.1	6,420.3	6,298.8	6,208.5
Net Increase (Decrease)	83.10	104.80	121.50	90.30	81.60
Percent change	1.27%	1.63%	1.93%	1.43%	1.33%
Components of change:					
Births	89.6	87.8	83.2	81.8	80.9
Deaths	47.9	46.2	45.3	45.6	46.0
Net migration	41,538	63,237	83,549	54,079	46,698

Source:

¹Washington State Office of Financial Management

City of Spokane

Demographic Information

Schedule 17 - Annual Average Civilian Labor Force Unemployment Rates City of Spokane vs. State of Washington

Last Ten Fiscal Years (expressed in thousands)

	continued				
	2013	2012	2011	2010	2009
City of Spokane¹					
Civilian labor force	224,690	229,965	230,702	235,293	238,026
Employment	206,870	210,083	209,153	212,081	216,121
Total unemployment	17,820	19,882	21,549	23,212	21,905
Unemployment percentage rate	7.9%	8.6%	9.3%	9.9%	9.2%
State of Washington¹					
Civilian labor force	3,434,140	3,481,460	3,482,240	3,516,010	3,523,740
Employment	3,196,320	3,197,290	3,161,620	3,166,880	3,194,290
Total unemployment	237,840	284,170	320,620	349,130	329,450
Unemployment percentage rate	6.9%	8.2%	9.2%	9.9%	9.4%

Source:

¹Washington State Office of Financial Management

City of Spokane

Demographic Information

Schedule 17 - Annual Average Civilian Labor Force Unemployment Rates

City of Spokane vs. State of Washington

Last Ten Fiscal Years (expressed in thousands)

	concluded				
	2008	2007	2006	2005	2004
City of Spokane¹					
Civilian labor force	238,307	231,556	225,647	223,009	218,731
Employment	224,884	220,492	214,445	210,413	204,415
Total unemployment	13,423	11,064	11,202	12,596	14,316
Unemployment percentage rate	5.6%	4.8%	5.0%	5.6%	6.5%
State of Washington²					
Civilian labor force	3,473,020	3,386,770	3,319,250	3,255,530	3,199,240
Employment	3,284,840	3,232,450	3,155,380	3,075,970	2,999,530
Total unemployment	188,180	154,120	163,870	179,560	199,710
Unemployment percentage rate	5.4%	4.6%	4.9%	5.5%	6.2%

Source:

¹Washington State Office of Financial Management

²Washington State Office of Financial Management

City of Spokane

Demographic Information

Schedule 18- Principal Employers

Current Fiscal Year and Nine Years Ago

2013			2004		
Employer	Rank	Number of Employees	Employer	Rank	Number of Employees
State of Washington	1	4,165	Fairchild Airforce Base	1	5,616
Providence Sacred Heart Medical Center	2	3,715	Sacred Heart Medical Center	2	3,232
Spokane Public Schools	3	3,049	United States Government	3	3,174
92nd Air Refueling Wing, Fairchild Air Force Base	4	2,892	Spokane Public Schools	4	3,126
City of Spokane	5	1,956	State of Washington	5	2,878
Spokane County	6	1,935	City of Spokane	6	2,025
Central Valley School District	7	1,427	Spokane County	7	2,009
Walmart	8	1,393	Empire Health Services	8	1,650
URM Stores	9	1,332	URM Stores	9	1,446
Rockwood Clinic P5	10	1,306	Community Colleges of Spokane	10	2,523
Total		23,170	-		27,679
Percentage of County Employment		11.20%			13.54%

Sources:

Journal of Business

Bureau of Labor and Statistics

City of Spokane

Operating Information
Schedule 19 - Full Time Equivalent Staff Comparison
 Last Ten Fiscal Years (expressed in millions except per capita)

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 ¹
General government	286.1	301.8	278.5	279.6	300.6	285.6	280.6	270.6	269.1	300.5
Public safety	754.7	791.3	776.3	807.0	826.5	821.5	804.7	785.0	767.8	845.1
Utilities environment	646.0	660.0	668.0	676.0	641.0	618.0	606.0	599.0	586.0	576.6
Transportation	127.8	135.3	137.3	147.3	146.3	143.3	143.3	137.3	138.4	150.8
Economic environment	53.3	55.5	56.7	62.2	62.0	61.2	60.7	56.7	57.7	60.6
Mental and physical health	-	-	-	-	-	-	-	-	-	-
Culture and recreation	169.5	177.9	180.4	185.7	183.7	180.7	179.2	176.9	172.2	191.2
Capital	-	-	-	-	-	-	-	-	-	-
Total	2,037.4	2,121.8	2,087.2	2,157.7	2,160.1	2,110.3	2,074.6	2,025.5	1,992.2	2,125.0
Percentage change	-4.0%	1.2%	-2.8%	-0.1%	2.4%	1.7%	2.4%	1.7%	-6.2%	

¹Restated

Source: City of Spokane Accounting

City of Spokane

Operating Information
Schedule 20 - Operating and Capital Asset Indicators by Function
General Government
 Last Ten Fiscal Years

MUNICIPAL COURT¹

Number of Filings:

Parking

Infraction

Criminal

Total filings

continued				
2013	2012	2011	2010	2009
55,219	63,429	57,355	62,327	61,828
12,636	15,380	17,889	22,465	24,137
8,387	8,963	9,496	10,348	10,827
76,242	87,772	84,740	95,140	96,792

¹ Does not include photo red violations.

Source: City of Spokane Accounting

City of Spokane

Operating Information Schedule 20 - Operating and Capital Asset Indicators by Function General Government Last Ten Fiscal Years

MUNICIPAL COURT¹

Number of Filings:

	2008	2007	2006	2005	2004
Parking	62,689	63,932	60,002	69,746	78,491
Infraction	19,481	16,431	27,653	37,792	29,237
Criminal	9,973	10,380	10,970	9,844	9,037
Total filings	92,143	90,743	98,625	117,382	116,765

¹ Does not include photo red violations.

Source: City of Spokane Accounting

City of Spokane

Operating Information Schedule 21 - Operating and Capital Asset Indicators by Function Public Safety Last Ten Fiscal Years

	2013	2012	2011	2010	2009
POLICE DEPARTMENT					
Physical Arrests	N/A	N/A	N/A	N/A	N/A
Property Crimes:					
Burglary	3,030	3,827	3,030	2,859	2,365
Larceny	12,789	12,600	10,231	10,174	8,864
Robbery	498	537	484	432	443
Auto Theft	2,254	2,095	1,778	2,009	1,737
Arson	66	N/A	N/A	45	74
Total property crimes	18,637	19,059	15,523	15,519	13,683
Person Crimes:					
Homicide	14	13	4	6	7
Rape ¹	163	81	84	80	75
Aggravated Assault	733	737	732	752	745
Total person crimes	910	831	820	838	827
Number of stations	5	10	12	13	13
Number of patrol units	20	16	16	16	16
Number of police vehicles	270	260	251	254	253
Number of motorcycles	15	18	19	20	18
FIRE DEPARTMENT					
Incident response					
Alarm system	1,702	1,720	1,684	1,640	1,710
Structure fire	1,518	1,571	1,356	1,296	1,291
Service call	466	465	368	416	386
Hazardous materials	331	271	254	246	274
Vehicle fire	138	138	145	171	174
Brush/wildland fire	121	163	164	199	173
Trash/dumpster fire	-	187	-	37	108
Extinction	48	43	29	29	28
Miscellaneous	81	N/A	54	35	34
Total incident response	4,425	4,558	4,054	4,089	4,198
Emergency Response					
Basic life support	15,305	14,573	13,009	12,073	11,504
Advanced life support	11,021	10,624	9,810	9,696	9,520
Motor vehicle accident	2,398	2,532	2,208	2,342	1,965
Ambulance transfer only	-	14	-	-	25
Total emergency response	28,724	27,743	25,027	24,111	23,034
Inspections conducted	10,552	9,528	9,230	8,928	9,262
Number of fire stations	15	14	15	14	14
BUILDING DEPARTMENT					
Residential permits issued	2,707	2,541	2,663	3,369	3,199
Commercial permits issued	828	933	894	872	805
Total permits issued	3,535	3,474	3,557	4,241	4,004
Residential permit values (expressed in thousands)	140,100	101,000	108,000	75,900	80,000
Commercial permit values (expressed in thousands)	394,500	248,000	129,000	175,800	163,000
Total permit values	534,600	349,000	237,000	251,700	243,000

Source: City of Spokane Accounting

¹ Guidelines for defining rape were changed in 2013

City of Spokane

Operating Information
Schedule 21 - Operating and Capital Asset Indicators by Function
Public Safety
Last Ten Fiscal Years

	concluded				
	2008	2007	2006	2005	2004
POLICE DEPARTMENT					
Physical Arrests	N/A	8,710	8,896	8,426	8,867
Property Crimes:					
Burglary	2,269	2,175	2,145	2,436	3,368
Larceny	7,218	7,188	7,340	7,932	12,763
Robbery	460	414	392	286	310
Auto Theft	1,538	2,013	2,299	1,802	1,830
Arson	58	88	66	94	57
Total property crimes	11,543	11,878	12,242	12,550	18,328
Person Crimes:					
Homicide	14	12	10	13	9
Rape ¹	94	88	91	78	90
Aggravated Assault	785	808	704	743	799
Total person crimes	893	908	805	834	898
Number of stations	13	13	12	12	12
Number of patrol units	16	14	14	14	14
Number of police vehicles	260	245	250	244	251
Number of motorcycles	17	21	21	30	27
FIRE DEPARTMENT					
Incident response					
Alarm system	1,735	1,773	1,856	1,680	1,786
Structure fire	1,298	1,234	1,280	1,252	1,183
Service call	393	347	349	382	416
Hazardous materials	291	271	302	240	275
Vehicle fire	179	206	229	252	243
Brush/wildland fire	226	266	285	237	218
Trash/dumpster fire	101	100	82	73	82
Extrication	19	35	22	20	26
Miscellaneous	40	30	30	25	13
Total incident response	4,282	4,282	4,435	4,161	4,242
Emergency Response					
Basic life support	11,654	11,217	10,044	9,675	9,014
Advanced life support	10,597	9,597	8,989	8,583	8,260
Motor vehicle accident	2,208	2,410	2,231	2,272	2,254
Ambulance transfer only	11	23	17	22	23
Total emergency response	24,470	23,247	21,281	20,552	19,551
Inspections conducted	10,081	9,485	10,566	11,187	9,907
Number of fire stations	14	14	14	14	14
BUILDING DEPARTMENT					
Residential permits issued	3,912	3,196	3,872	3,274	3,230
Commercial permits issued	942	1,500	1,015	1,404	809
Total permits issued	4,154	4,696	4,887	4,678	4,029
Residential permit values (expressed in thousands)	119,200	151,400	192,762	197,610	157,533
Commercial permit values (expressed in thousands)	191,900	164,500	281,232	210,273	132,404
Total permit values	311,100	315,900	473,994	407,883	289,937

Source: City of Spokane Accounting

¹ Guidelines for defining rape were changed in 2013

City of Spokane

Operating Information
Schedule 22 - Operating and Capital Asset Indicators by Function
Transportation
Last Ten Fiscal Years

	continued				
	2013	2012	2011	2010	2009
STREET DEPARTMENT					
Number of parking violations	55,383	64,421	56,885	61,103	60,580
Street resurfacing (lane miles)	14	12	16	13	13
Grind and overlay (square yards)	74,985	63,633	60,917	75,774	59,021
Skin patch (square yards)	9,185	18,300	46,705	9,707	29,569
Potholes repaired (square yards)	12,326	13,124	15,301	7,836	11,243
Deicer applied (expressed in thousand gallons)	790	1,166	1,115	891	849
Traction sand applied (tons)	1,048	1,146	916	1,278	949
Miles of streets:					
Cement concrete pavement	11	10	9	10	11
Asphalt plant or road mix	923	921	905	904	904
Bituminous surface treatment	N/A	N/A	N/A	N/A	N/A
Gravel or crushed rock	27	28	27	27	29
Dirt and unimproved	32	32	31	31	32
Brick	3	3	3	3	3
Total street miles	996	994	974	974	977
Miles of sidewalks	1,084	1,167	1,167	1,155	1,250
Number of street lights ¹	12,905	13,270	13,004	12,990	13,009
Number of traffic signals	256	256	252	252	251
Number of parking meters	2,847	2,744	2,814	2,854	2,848
Number of bridges	40	38	39	39	38

¹ Number of street lights includes city-owned and maintained light poles as well as those leased from Avista.

Source: City of Spokane Accounting

City of Spokane

Operating Information Schedule 22 - Operating and Capital Asset Indicators by Function Transportation Last Ten Fiscal Years

	concluded				
	2008	2007	2006	2005	2004
STREET DEPARTMENT					
Number of parking violations	61,410	65,013	60,027	66,777	77,860
Street resurfacing (lane miles)	23	11	16	17	16
Grind and overlay (square yards)	78,701	48,016	72,433	69,004	49,489
Seal patch (square yards)	52,933	27,118	25,898	39,495	51,482
Potholes repaired (square yards)	17,068	8,478	7,011	8,902	7,986
Deicer applied (expressed in thousand gallons)	1,384	2,047	882	1,062	903
Traction sand applied (tons)	3,238	1,711	582	1,083	1,073
Miles of streets:					
Cement concrete pavement	8	8	8	6	N/A
Asphalt plant or road mix	891	885	883	879	N/A
Bluminous surface treatment	6	7	7	7	N/A
Gravel or crushed rock	30	31	33	33	N/A
Dirt and unimproved	33	22	32	33	N/A
Brick	3	3	3	3	N/A
Total street miles	971	956	965	961	1,102
Miles of sidewalks	1,221	1,229	1,215	N/A	N/A
Number of street lights ¹	13,001	10,487	10,481	10,458	11,149
Number of traffic signals	251	250	250	251	251
Number of parking meters	2,852	2,840	2,717	2,658	2,708
Number of bridges	38	38	38	38	38

¹ Number of street lights includes city-owned and maintained light poles as well as those leased from Avista.

Source: City of Spokane Accounting

City of Spokane

Operating Information Schedule 23 - Operating and Capital Asset Indicators by Function Utilities Environment Last Ten Fiscal Years

	continued				
	2013	2012	2011	2010	2009
WATER DEPARTMENT					
Miles of water mains	1,070	1,061	1,051	1,045	1,007
Number of fire hydrants	7,304	7,297	7,312	7,254	7,220
Storage capacity (expressed in million gallons)	106	106	106	106	105
Number of service connections	73,879	73,514	73,311	73,199	72,983
Number of new connections	317	155	277	216	234
Average daily consumption (expressed in thousand gallons)	58,093	57,597	56,717	56,462	61,377
Peak daily consumption (expressed in thousand gallons)	128,221	119,119	119,440	125,574	126,197
WASTEWATER DEPARTMENT					
Number of service connections	70,100	69,931	69,801	69,600	69,631
Sanitary sewers (expressed in miles)	868	865	865	857	857
Storm sewers (expressed in miles)	361	367	367	365	365
Daily treatment capacity (expressed in thousand gallons)	44,000	44,000	44,000	44,000	44,000
Average daily treatment (expressed in thousand gallons)	28,460	33,750	40,840	38,110	38,699
SOLID WASTE MANAGEMENT DEPARTMENT¹					
Biethical generation (expressed in annual mwh)	136,888	170,056	173,044	171,142	163,250
Solid waste disposed (expressed in tons)	296,988	297,914	303,911	319,883	329,588
Ash generated by waste-to-energy facility (expressed in tons)	71,627	76,222	79,817	81,898	77,238
Ferrous metal recovered (expressed in tons)	9,566	8,702	8,986	9,085	9,434
Recycled materials collected (expressed in tons):					
City residential curbside	N/A	10,175	8,526	8,058	8,757
City commercial collection	N/A	1,957	2,690	2,912	2,842
Single Stream residential/commercial collection*	18,418	N/A	N/A	N/A	N/A
Collection Point Sources (expressed in tons):					
County/Regional outside and commercial	14,788	12,388	8,948	9,070	8,438
Transfer station recycling centers	3,176	3,098	3,494	3,846	3,791
City Hall recycling program	N/A	N/A	N/A	N/A	N/A
Centralized composting	42,950	38,031	37,184	45,308	43,714
Household hazardous waste	713	891	549	640	793
CODE ENFORCEMENT DEPARTMENT					
Number of illegal dumps - private property	154	106	105	96	65
Number of illegal dumps - right of way	537	1,546	1,713	2,002	989
Number of zoning violations	506	445	428	442	359
Number of noise violations	7	48	48	48	24
Number of fire hazard complaints	332	255	314	381	336
Number of building official complaints	281	198	179	259	244
Number of junk vehicle reports	285	238	1	407	319
Number of solid waste complaints	966	1,010	978	1,224	780
Number of miscellaneous complaints	6	10	8	5	13
Total complaints	3,074	3,856	3,774	4,884	3,129

¹ The City Solid Waste Management is part of an interlocal agreement with Spokane County and other neighboring cities. Details can be found at <http://spokane.waste.com>.

* City residential curbside and commercial collections were consolidated in Single Stream collections in 2013.

Source: City of Spokane Accounting

City of Spokane

Operating Information Schedule 23 - Operating and Capital Asset Indicators by Function Utilities Environment Last Ten Fiscal Years

	continued				
	2008	2007	2006	2005	2004
WATER DEPARTMENT					
Miles of water mains	1,003	1,002	989	959	945
Number of fire hydrants	7,172	7,058	6,860	6,873	6,782
Storage capacity (expressed in million gallons)	105	104	100	100	100
Number of service connections	72,833	74,573	71,885	70,895	68,593
Number of new connections	354	1,063	409	1,197	N/A
Average daily consumption (expressed in thousand gallons)	58,143	62,849	65,208	57,140	59,222
Peak daily consumption (expressed in thousand gallons)	142,277	129,650	150,371	140,028	129,342
WASTEWATER DEPARTMENT					
Number of service connections	69,400	69,400	67,000	67,000	67,000
Sanitary sewers (expressed in miles)	854	854	871	850	850
Storm sewers (expressed in miles)	340	340	354	340	340
Daily treatment capacity (expressed in thousand gallons)	44,000	44,000	44,000	44,000	44,000
Average daily treatment (expressed in thousand gallons)	39,490	37,220	41,340	36,380	38,210
SOLID WASTE MANAGEMENT DEPARTMENT¹					
Electrical generation (expressed in annual mwh)	155,500	170,533	171,400	178,017	179,121
Solid waste disposed (expressed in tons)	331,596	334,064	354,704	332,109	333,895
Ash generated by waste-to-energy facility (expressed in tons)	70,990	77,866	81,679	88,952	85,562
Ferrous metals recovered (expressed in tons)	8,466	8,869	8,377	8,491	8,955
Recycled materials collected (expressed in tons):					
City residential curbside	9,043	9,409	8,976	9,099	9,216
City commercial collection	2,655	2,730	2,646	2,495	2,421
Single Stream residential/commercial collection	N/A	N/A	N/A	N/A	N/A
Collection Point Sources (expressed in tons):					
County/Regional curbside and commercial	8,916	9,968	10,461	10,239	9,769
Transfer station recycling centers	3,514	4,474	4,316	4,362	4,355
City Hall recycling program	N/A	23	22	20	31
Centralized composting	45,855	47,211	42,905	42,466	45,911
Household hazardous waste	509	557	686	656	634
CODE ENFORCEMENT DEPARTMENT					
Number of illegal dumps - private property	80	44	86	177	181
Number of illegal dumps - right of way	1,096	1,182	1,467	1,487	1,351
Number of zoning violations	427	380	203	353	370
Number of noise violations	-	-	-	-	-
Number of fire hazard complaints	377	243	69	-	-
Number of building official complaints	216	236	90	275	173
Number of junk vehicle reports	530	358	99	355	334
Number of solid waste complaints	991	1,086	659	1,287	1,136
Number of miscellaneous complaints	29	286	149	614	537
Total complaints	3,746	3,815	2,822	4,548	4,082

¹ The City Solid Waste Management is part of an interlocal agreement with Spokane County and other neighboring cities. Details can be found at <http://spokanesolidwaste.com>.

* City residential curbside and commercial collections were consolidated in Single Stream collections in 2013

Source: City of Spokane Accounting

City of Spokane

Operating Information Schedule 24 - Operating and Capital Asset Indicators by Function Culture and Recreation Last Ten Fiscal Years

	continued				
	2013	2012	2011	2010	2009
PARKS DEPARTMENT					
Number of parks maintained	84	84	84	84	84
Park acreage	1,285	1,281	1,281	1,281	1,281
Number of golf courses	4	4	4	4	4
Number of swimming pools	6	6	6	6	6
Number of splash pads	17	17	17	17	17
Number of tennis courts	41	41	41	41	41
Number of community centers	1	1	1	1	1
Number of basketball courts	39	37	37	36	36
Number of athletic fields	74	74	74	74	74
Number of skate parks	3	3	3	3	2
Number of BMX bike tracks	1	1	1	1	N/A
Park trails (miles)	31	29	29	29	27
Aquatic center admissions	104,021	118,751	123,850	130,001	N/A
Recreation program registrants	10,494	12,424	13,371	14,994	14,527
Golf rounds	143,081	143,678	141,217	151,587	129,632
Riverfront Park attraction attendees	699,256	791,851	775,792	793,627	776,961
Sports complex field rentals (hours)	12,736	12,828	12,634	N/A	N/A
LIBRARY DEPARTMENT					
Number of libraries	6	6	6	6	6
Number of library patron visits	920,740	940,097	948,826	964,259	931,986
Number of volumes in library collection	501,345	479,398	514,065	506,978	529,194
Number of volumes borrowed	2,099,557	2,013,748	2,088,854	2,075,220	2,014,756

Source: City of Spokane Accounting

City of Spokane

Operating Information
Schedule 24 - Operating and Capital Asset Indicators by Function
Culture and Recreation
 Last Ten Fiscal Years

	concluded				
	2008	2007	2006	2005	2004
PARKS DEPARTMENT					
Number of parks maintained	84	84	82	82	82
Park acreage	1,281	1,281	1,281	1,281	1,102
Number of golf courses	4	4	4	4	4
Number of swimming pools	5	5	7	7	7
Number of splash pads	6	6	6	6	6
Number of tennis courts	41	41	37	37	37
Number of community centers	1	1	1	1	1
Number of basketball courts	34	34	15	15	15
Number of athletic fields	72	72	72	72	72
Number of skate parks	2	2	2	2	2
Number of BMX bike tracks	N/A	N/A	N/A	N/A	N/A
Park trails (miles)	27	27	27	27	27
Aquatic center admissions	N/A	N/A	N/A	N/A	N/A
Recreation program registrants	13,830	N/A	N/A	N/A	N/A
Golf rounds	161,655	174,212	167,258	169,407	174,792
Riverfront Park attraction attendees	856,224	866,469	862,220	813,062	857,159
Sports complex field rentals (hours)	N/A	N/A	N/A	N/A	N/A
LIBRARY DEPARTMENT					
Number of libraries	6	6	6	6	6
Number of library patron visits	882,698	816,305	814,147	668,561	N/A
Number of volumes in library collection	525,602	533,678	547,825	527,456	560,765
Number of volumes borrowed	1,908,130	1,698,037	1,787,500	1,733,048	1,947,769

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Source: City of Spokane Accounting

APPENDIX D

BOOK-ENTRY SYSTEM

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BOOK-ENTRY SYSTEM

The following information (except for the final paragraph) has been provided by The Depository Trust Company, New York, New York ("DTC"), and the City makes no representation as to the accuracy or completeness thereof. Each actual purchaser of a Bond (a "Beneficial Owner") should confirm the following with DTC or the Participants (as hereinafter defined).

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

When notices are given, they shall be sent by the Registrar to DTC only. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC or any successor (the "Depository") may determine not to continue to act as securities depository for the Bonds, and the City may advise the Depository of its determination to discontinue book-entry of the Bonds through such Depository. If the City is unable to retain a qualified successor to the Depository or the City has determined that it is in the best interest of the City not to continue the book-entry system of transfer or that the interests of Beneficial Owners might be adversely affected if the book-entry system is continued, Bond certificates will be delivered to the Beneficial Owners or their nominees in registered form, in the denomination of \$5,000 or any integral multiple of \$5,000. In the event the book-entry system is discontinued, the persons to whom Bond certificates are delivered and in whose names the Bonds are registered will be treated as "bondowners" for all purposes of the Bond Ordinance.

The City will have no responsibility or obligation to Participants or the persons for whom they act as nominees with respect to the Bonds regarding (i) the accuracy of any records maintained by DTC or Participants of any amount in respect of principal or redemption price of or interest on the Bonds, or (ii) any notice which is permitted or required to be given to Registered Owners under the Bond Ordinance (except such notice as is required to be given by the City to DTC), or (iii) the selection by DTC of any Participant to receive payment in the event of a partial redemption of the Bonds, or (iv) any consent given or other action taken by DTC as Registered Owner of the Bonds, or (v) any other event or purpose. The City and the Registrar may treat and consider Cede & Co., in whose name each Bond is registered on the Bond Register, as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. For the purposes of this Official Statement, the term "Beneficial Owner" shall include the person for whom the Participant acquires an interest in the Bonds.

APPENDIX E

GREEN BONDS LETTER

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October 15, 2014

Subject: Second Party Opinion of Sustainability of the City of Spokane's Green Bond

To Whom it May Concern:

Scope

The City of Spokane is selling Green Bonds to finance green projects. Through these projects, the City is seeking outcomes with respect to water quality, water quantity, and climate resilience; overall, these projects are designed to be environmentally beneficial.

CH2M HILL was commissioned to provide a second opinion on the sustainability credentials of the City of Spokane's Green Bond (associated with the City's Integrated Clean Water Plan [ICWP]) according to the Green Bond Principles (GBP) Voluntary Process Guidelines for Issuing Green Bonds, dated January 13, 2014.

Basis of CH2M HILL Opinion

Compliance with the Green Bond Principles

CH2M HILL evaluated the City's Green Bond to show that the City of Spokane is meeting the GBP to finance green projects that will positively impact and protect the environment and the health of its citizens and customers. The criteria against which the City of Spokane has been reviewed are grouped under the four Green Bond Principles:

- **Principle One, Use of Proceeds**

The Use of Proceeds criteria are guided by the requirement that an issuer of a Green Bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits and may include renewable energy, energy efficiency, sustainable waste management, sustainable land use, biodiversity conservation, clean transportation, and clean water and/or drinking water.

- **Principle Two, Process for Project Evaluation and Selection**

As described in the GBP, the Process for Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Green Bond should "outline the decision-making process it follows to determine the eligibility of an individual investment using Green Bond proceeds."

- **Principle Three, Management of Proceeds**

As described in the GBP, the Management of Proceeds criteria are guided by the requirements that a Green Bond should be "moved to a sub-portfolio or otherwise tracked by the issuer and attested by a formal internal process that will be linked to the issuer's lending and investment operations for projects."

- **Principle Four, Reporting**

The Reporting criteria are guided by the recommendation that at least annual reporting by the bond issuers should be made of the use of bond proceeds, and that quantitative and/or qualitative

performance indicators should be used, where feasible (for example, reductions in greenhouse gas emissions or pounds of pollutants removed).

The work undertaken to form our opinion included the following:

- Development and review of conceptual designs for stormwater, combined sewer overflow, and wastewater treatment plant green projects that were included in the City's ICWP, all of which are centered on providing clean water and/or drinking water.
- Development of a process to evaluate and select projects for inclusion in the City's ICWP. This process included consideration for each proposed project's lifecycle cost, environmental benefits, social benefits, and operational benefits.
- Estimations of pollutant load reductions due to the implementation of the recommended projects included in the City's ICWP, which are expected to remove significant amounts of pollutants on an annual basis, as demonstrated in the following table:

Pollutant	Average Annual Removal Amount
Total Phosphorus	121,900 pounds/year
Fecal Coliform	897,000 billion CFU/year
Total Suspended Solids	1,455,000 pounds/year
Total Zinc	1,070 pounds/year
PCBs	29 grams/year

CFU = colony forming unit

PCB = polychlorinated biphenyl

- Development of a post-construction monitoring plan that the City will use to measure and report the environmental benefits to its regulatory agencies due to the implementation of the projects recommended in the City's ICWP.

Findings and CH2M HILL's Opinion

Based on CH2M HILL's involvement in developing the ICWP, including the development and review of green projects, development of an evaluation process to select projects, estimation of pollutant loads, and development of a post-construction monitoring plan for reporting to its regulatory agencies, it is CH2M HILL's opinion that the City of Spokane's Green Bond is in alignment with the Green Bond Principles. A thorough documentation of the findings and work undertaken to form our opinion is included in the ICWP.

Sincerely,

CH2M HILL



Jennifer Price
Program Manager
CH2M HILL

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About CH2M HILL

CH2M HILL was founded in Corvallis, Oregon, in 1946, and has maintained a strong, constant Pacific Northwest presence ever since. As the only engineering firm of our type and size to be 100 percent employee-owned and consistently listed as a best place to work in the United States (2003, 2006, 2008, 2009, 2011, and 2013),

CH2M HILL employee owners are incentivized to deliver the highest quality services to our clients and develop long-term partnerships. Our exceedingly low employee turnover rate provides clients long-term staff stability and continuity. We are also proud to have been recognized by the Ethisphere Institute as one of the World's Most Ethical Companies for the sixth year (2009, 2010, 2011, 2012, 2013, and 2014). This award recognizes CH2M HILL's implementation of best practices in business ethics and corporate social responsibility.



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